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Sub-Saharan Africa Report



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MINISTER VAN DUNEM OUTLINES APPA BENEFITS

London AFRICAN CONCORD in English 12 Feb 87 p 9

[Interview with Angolan Oil Minister Pedro De Castro Van Dunem]

[Text] Mr Pedro De Castro Van Dunem is the

Angolan oil minister. He spoke to our business correspondent, Nimi Wariboko, through an interpreter at the Sheraton Hotel in Lagos. Van Denem has been elected as the alternate president of APPA.

Q: What benefits will Angola derive from APPA?

A: The main benefit is the reinforcement of African unity. The petroleum producing countries in Africa had no organisation through which they could exchange views. The oil companies operating in Angola also operate in other African countries, and they adopt the same strategy in their operations. I also see many advantages which Angola will derive from her participation in APPA.

Q: What is the role of APPA in the determination of world oil price?

A: The willingness of APPA to co-operate with OPEC means that it will help in the stabilisation of the oil market.

Q: Your country is not a member of OPEC. Do you think that APPA will serve your interests better?

A: In the present situation, I think APPA will be more helpful in protecting our

interest. OPEC deals mainly with matters related to the oil market, APPA is concerned with matters of exploration, production, petrochemicals and manpower development. And we need help to these areas.

Q: What experience will Angola bring to the benefit of other members of APPA bearing in mind that she is relatively young in the oil business?

A: We produce about 300,000 barrels a day. Foreign companies help in the production, they respect our negotiation capability. Angola has benefitted from the experience of Nigeria, so we think we can also help other African countries which are starting exploration and production of oil.

Q: What role with APPA play in the fight against neo-colonialism and under-development in Africa?

A: APPA has just been inaugurated. Nevertheless, it is very important in the history of Africa and another advance in the fight against neo-colonialism. The world will look at Africa in a different way now, because some countries did not expect that the meeting would succeed in the way it has done.

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CSO: 3400/499

ANGOLA

PETROGAL, SONANGOL TO SIGN STRATEGIC OIL RESERVE AGREEMENT

Lisbon SEMANARIO in Portuguese 21 Feb 87 p 22

[Article by Antonio Camoes]

[Text] An important trade agreement between Portugal and the People's Republic of Angola may be signed in a matter of days. The success of the meeting of the Mixed Commission between both countries will depend on the result of that agreement. The Mixed Commission, which meets every 2 years and should have met in Luanda last December, was postponed so that the technical negotiations which have been underway between the two countries can conclude some of the most complex points connected with the sale of petroleum to Portugal and the granting of Portuguese financing to Angola.

Angola's intention to sell petroleum to Petrogal goes way back, according to a source close to the Portuguese delegation. However, it was Petrogal that came up with the proposal at the end of last year to buy crude from Angola. So the opportunity for the deal was worked into the preparatory technical meetings of the Mixed Commission.

Strategic Reserve in Portugal

It is the wish of the Angolan minister of the productive sphere that, in addition to the sale of crude to Portugal, our country accept the creation of a strategic Angolan petroleum reserve at Sines. According to a source connected with the negotiations, the Angolan proposal to create a strategic reserve in Portugal has two basic aspects: first, it will be a constant source of supply for Petrogal, and second, it will be a depository that will back up the commitments that Angola has made to Portugal.

According to the same source, the refining of Angolan petroleum in Portugal will also be a viable hypothesis, since the refinery at Sines was equipped, in compliance with the initial specifications when it was built, with technology capable of handling crude from Cabinda. According to the technicians, this Cabinda

crude has a different composition from the crude that Petrogal gets from other countries. This presents some technical problems in transporting it. This question is likewise to be debated by the delegations of the two petroleum companies, since, at this moment, Portugal's merchant marine finds itself short on ships with special tanks to transport Angolan crude.

Another question which is on the agenda of the negotiations between the two petroleum companies is the business of counterbalancing trade for the purchase of petroleum.

Counterbalancing Trade

Portugal is highly dependent in the field of energy. In spite of this, it has had little experience in the business of counterbalancing trade, unlike several other countries in the same situation. Petrogal has been one of the companies that has contributed the most to this shortcoming. Although it imported nearly \$900 million of petroleum in 1986, Petrogal has been invoking the need for secrecy with regard to its purchases. This has not allowed Portuguese trading companies to act in such a way that our country could export national products to balance the established trade. With Angola and Brazil, for example, it has developed a profitable trade on that basis.

For the first time, Petrogal is also being confronted with the need to become familiar with the concept of counterbalancing trade. With the sale of Angolan petroleum to Portugal, both countries want to see our country export equipment, basically, As SEMANARIO was able to verify, a Portuguese trading firm is also present at the negotiations. It has already been defined what the equipment in question essentially is: installation of machinery for the cement industry, the iron and steel industry, and equipment for dams.

Angola Plans to Pay Back Debts

While the technical negotiations between Petrogal and Sonangol are taking place, several meetings preparatory to the Mixed Commission's meeting have been held. But the meetings that will be decisive and that depend on the negotiations involving petroleum trade will deal with the financial aspects.

With the sale of petroleum to Portugal and the creation of a strategic reserve of Angolan oil in our country, Angola is seeking to consolidate debts of \$27.5 million with the backing of the Portuguese government. These debts came due in 1986.

Angola is likewise seeking from the Portuguese government a loan of 20 million contos in order to honor debts of an equal amount

which it owes to Portuguese firms and which are not covered by the public co-insurer.

In the upcoming preparatory sessions for the Mixed Commission's final meeting, Portuguese financing for repair work to the hydro-electric plant at the Lunaun Dam will also be discussed.

According to a source connected with the negotiations that have been underway between the two countries, the Portuguese government is already committed to financing the first phase of the work, which will involve an investment of nearly \$11 million. The second phase, according to the same source, will involve an investment of \$22 million.

Raising the Line of Credit Ceiling

For all these actions, the Angolan government is seeking to establish a new financial agreement between the central banks of the two countries so as to raise the ceiling for line of credit operations from \$65 million to \$100 million. This ceiling consists of the possibility that the Bank of Portugal will authorize banks to carry out certain line of credit operations for Angola. The conditions under which this increase is to be enacted are yet to be studied.

The negotiations between Petrogal and Sonangol are now in the home stretch. They may be concluded shortly, since, according to the same source, the president of the Portuguese petroleum company, Mario Cristina de Sousa, is to go to Angola next week where he will attend the observance of Petroleum Week, during which he will certainly take the opportunity to put the final touches on the agreement.

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CSO: 3542/64

BRIEFS

MORUPULE POWER STATION NEARING COMPLETION--Gaborone--Botswana will soon be self-sufficient in electricity supplies, said the chairman of the Botswana Development Corporation, Mr B Gaolathe. In a report issued here Mr Gaolathe said the central power station at Morupule was "nearing completion." The project will eliminate the dependency of Botswana on neighbouring countries for electricity, the report said. At the moment Botswana gets about 40 percent of its electricity supplies from South Africa. [Text] [Johannesburg THE STAR in English 9 Mar 87 p 8] /9274

CSO: 3400/499

PNDC MEMBER ON SOVIET FRIENDSHIP, PROJECTS

Accra PEOPLE'S DAILY GRAPHIC in English 20 Mar 87 pp 1, 4

[Article by Breda Atta-Quayson]

[Text]

MR Ebo Tawiah, PNDC member, has called on the Soviet Union to show positive response to Ghana's attempt to reconstruct her industrial base in particular and the nation in general.

He said the visit of the delegation from the USSR-Ghana Friendship Society to the country should expose them to some of the Soviet-financed projects which were abandoned after the ignominious 1966 coup.

Mr Tawiah said this when the three-member delegation from the USSR-Ghana Friendship Society currently visiting the country called on him at the Castle, Osu, yesterday.

The PNDC member told the delegation that Soviet sympathy for what is happening in the country is not enough, and that there should be a "positive expression of USSR's sympathy for our attempt to reconstruct our industrial base".

He further told the delegation that friendship did not mean only knowing people but also understanding them, knowing their problems and standing together to solve

those problems and fighting together for the peoples of the world.

Mr Tawiah was therefore optimistic that the visit of the delegation would consolidate the friendship existing between Ghana and the USSR and also open avenues for further co-operation between the two countries.

In that connection, the PNDC member said the agreement of co-operation which is to be signed between the delegation and its counterpart in Ghana, would not remain on paper but would be given a concrete and practical expression.

Mr Tawiah referred to the Soviet peace initiatives

and said "the talk of peace and elimination of nuclear weapons would be meaningless unless it is linked with the elimination of all traces of human destruction in the world, especially apartheid in South Africa".

The PNDC member said Ghana appreciates the help the USSR has given in the elimination of colonialism in Africa and expressed the hope that the Soviet Union would continue to offer assistance in that direction.

Dr V. P. Loginov, Soviet Minister of Land Reclamation and Water Conservancy and President of the USSR-Ghana Friendship Society, said the relationship existing between Ghana and the USSR dates back 30 years ago.

This relations, he said have been on and off, but it was after the December 31 Revolution that it started to improve.

Dr Loginov said the Soviet Union would continue to pursue her peace initiatives until world peace is achieved.

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CS0: 3400/502

ARMED FORCES ASSURE FRONTLINE STATES OF SUPPORT

Accra PEOPLE'S DAILY GRAPHIC in English 14 Mar 87 pp 1, 4

[Article by Breja Alta-Quayson and Abigail Bonsu]

[Text]

PRESIDENT Kenneth Kauda has advised the Ghana Armed Forces that they have a responsibility not only to raise the Ghanaian nation but also help their unfortunate brothers who are still under domination and constant attacks, to gain their independence.

He said the Ghana Armed Forces are enlightened and have helped to raise Ghana again and as such they have a duty and moral responsibility to help their brothers in South Africa to gain their independence and to defend it.

The **Zambian Leader** was speaking to a large number of officers and men of the Ghana Armed Forces who filled the **Burma Hall** yesterday to listen to him.

He said the struggle in southern Africa has got to a critical stage where African countries must be prepared to send troops to that part of the continent, especially to Mozambique to help bring peace and consolidate their Independence.

Much as the **Zambian Leader** admitted that po-

verty has for a long time hindered the wish and willingness of African States to provide troops for the various struggles on the continent, he cautioned them against watching a desperate situation rage on unchecked.

He also advised the military to beware of the various attempts that would be made to divide them and called on them to make a conscious effort to safeguard unity within their ranks.

Major-General Arnold Quainoo, Force Commander, assured **President Kaunda** that the Ghana Armed Forces will continue to actively support the Frontline States and all liberation movements on the continent morally, and if need be militarily.

He reminded **President Kaunda** that the Armed Forces of Ghana marched to **Burma** to confront **Japanese imperialism** and to the **Christiansborg Castle** to confront **British imperialism**.

Later, addressing a pre-departure press conference at the **OAU Lounge** at the **Kotoka International Airport**, **President Kaunda** said Ghana's Revolution is

on course and that the successes the country achieved at the initial stages of Independence, are bearing fruits in the programmes of the **PNDC**.

He therefore repeated his call on **Ghanaians** to support the Council in its endeavours to raise the image of Ghana to its proper level once more.

On the South African situation, the **Zambian Leader** said there is no way by which a political volcano can erupt in South Africa without its lava spreading throughout the region.

He said this development has begun already as exemplified by the havoc apartheid South Africa is causing in Mozambique but expressed regret that those who are capable of doing something about it feel reluctant to do so.

"But we have something they do not have and that is our strong moral will" **President Kaunda** underlined.

He said a lot of blood would be shed before apartheid would be crumbled but pointed out that the end result, would not be the long cherished death of apartheid.

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PLO ENVOY COMMENDS ROLE OF MEDIA

Accra PEOPLE'S DAILY GRAPHIC in English 31 Mar 87 pp 1, 5

[Article by Karl Botchway]

[Text]

THE Charge d'Affaires of the Palestinian Liberation Organisation (PLO) Embassy in Ghana, Mr Adnan Shaban, has commended the mass media for their role in creating the awareness of the liberation struggles of oppressed peoples all over the world.

In an interview to mark the occasion of the "Day of the Land in Palestine" which fell yesterday, Mr Shaban said the day represent Palestinian resistance against oppressive Zionist Israeli laws, which sought to deprive them of their right to livelihood on March 30, 1976.

Mr Shaban recalled that Zionist Israel in its efforts to alienate the Palestinians from their land, promulgated a law called "Present Absentee Property Law".

According to the law, any person of Palestinian origin, who happened to be absent, during any Israeli raids or wars, would return to find his land taken over, and reduced to working on his own land as a common labourer.

The Charge d'Affaires likened this situation and practice to that of the apartheid regime in

South Africa.

The Zionists in a fascist way of pre-empting a popular demonstration against this law, despatched units from the Israeli army and in the process killed, wounded and arrested hundreds of people.

The Charge d'Affaires described this absentee law as nothing, but outright theft. "Once a person is declared an "absentee" not only his land but all other possessions are handed over to the Israeli authorities" he added.

He stressed that each African patriot needs to understand the effect of this situation on the Palestinian people. "For it is only then that, we would understand why the fall of the racist white regime in South Africa implies the fall of the Zionist regime in Israel," he stressed.

Mr Shaban highly appreciated the active political support the (PLO) enjoys from most African states within the United Nations and the Non-Aligned Movement.

Speaking on the present situation in the Palestinian refugee camps of Lebanon, he explained that it is clearly a manipulation by imperialist and Zionist interests bent on the partitioning of Lebanon and the weakening of the Palestinian resistance.

DISTRICT CDR'S TO SET UP CONSTRUCTION BRIGADES

Accra PEOPLE'S DAILY GRAPHIC in English 16 Mar 87 pp 1, 8

[Article by Dwamena Bekoe and Salome Donkor]

[Text]

DISTRICT CDRs are to set up constructional brigades to assist communities put up houses using the appropriate technology methods.

Lt-Col (rtd) J. Y. Asasie, Political Counselor for CDRs who disclosed this said the formation of such brigades would ensure the efficient use of artisans in the CDRs to help solve accommodation problems facing workers and other people.

He was speaking at a rally for workers at Nkawaw on Saturday during a visit to the Eastern Region.

He cited an example in the Volta Region where the people of Kpando, led by their CDRs, have started building houses for themselves using the appropriate technology method.

Col Asasie also called on CDRs to join hands with traditional rulers in every community and by the use of the people's power take decisions on matters affecting their welfare and ensure their effective implementation.

He stressed that "we should not wait for the government to decide for us because our destiny lies in our own hands", adding that the government does not want to impose itself on the people.

The Political Counselor called for joint co-operation among all revolutionary organs and appealed to them not to misuse their power to brutalize people.

Mr Sam Gariba, Director of Operations in charge of CDRs in the Northern and Upper Regions, advised cadres to back their slogans with action by assisting the people to harness all

available resources for the rapid development of their localities.

In his contribution, Inspector Daniel J. Avorgah, Regional Organising Assistant of CDRs, advised the people to be wary of political opportunists who might want to infiltrate the system through the forthcoming district level elections and called on them to vote for dedicated,

honest and progressive citizens.

In his closing remarks, Dr Nick-Ababio, Kwahu District Secretary, disclosed that the people of Kwahu are contributing C200 a female and C500 a male for residents and C500 and C1000 per female and male respectively for non-residents to rehabilitate the Kwahu road as well as to finance the Kwahu water project.

CIVIL DEFENSE BRIGADIER ON MILITIA BEHAVIOR

Accra GHANAIAN TIMES in English 20 Mar 87 p 1

[Text]

THE Commander of the Civil Defence Organization (CDO), Brigadier A. N. Tehn-Addy, has emphasized that the people's militia is not an avenue for the acquisition of material wealth.

He said those who have joined the militia or contemplate doing so for selfish reasons would be exposed.

Brigadier Tehn-Addy, who was addressing militiamen at Yendi in the Northern Region during an inspection tour, said the building of the country should be the responsibility of all, explaining that the militia programme sought to mobilize the total human and material resources of the nation for the realization of the objectives of the December 31 Revolution.

He condemned members of the CDO who are displaying their patriotism in the rural areas by tracking down smugglers and those helping in the farms to boost food production.

"We want to develop patriots who would first and foremost be prepared to lay down their lives in defence of Ghana's vital interests in all spheres," Brigadier Tehn-Addy declared.

The Yendi District Secretary, Mr David Munobl, who presided, assured the Commander that steps were being taken to ensure that more people enrolled into the organization.

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CSO: 3400/502

UST STUDENTS APOLOGIZE FOR BEHAVIOR EXCESSES

Accra PEOPLE'S DAILY GRAPHIC in English 28 Mar 87 p 8

[Article by Faustina Ashirifie]

[Text]

STUDENT leaders of the University of Science and Technology (UST) admit that the excesses during their demonstration on March 20, occurred in the context of mob action.

These excesses, according to a memorandum presented to government on the events and the closure

of the University, had not been contemplated by the student leaders.

The memorandum admitted that the mob action was a breach of public peace and the regulations of the University governing student demonstrations.

These points and the whole memorandum were discussed yesterday between a nine-member delegation of the UST led by Dr. Robert Gardiner, chairman of the University's Council and Dr Ben Abdallah, Secretary for Education and Culture in Accra.

Briefing the Secretary, Professor F. O. Kwami, Vice-Chancellor of the UST, who spoke on behalf of the delegation, said when the University authorities heard about the planned demonstration, they informed the Regional Administration and with it, tried to dissuade the students.

According to him, when the authorities realised that their attempts were not yielding any results, it was agreed that the demonstration should be peaceful and kept within the confines of the University.

Prof. Kwami said the students had intended to go to the Regional Administration to present a memorandum to the Regional Secretary but the authorities persuaded them to present it to the Vice-Chancellor instead.

"We were very much assured by the students that the demonstration will be held within the confines of the University and will be peaceful, bearing in mind that any excesses will lead to a break in the academic exercises," he emphasised.

According to the Vice-Chancellor, the students had demonstrated towards the main entrance and it was "in the course of crossing the highway at

the UST junction back to the Administration Block that they had their contact with the public."

Dr Abdallah, in response, told the delegation that he had on several occasions spoken to University students on some of the issues that led to the demonstration.

He also recalled the recent assurance given by Chairman Rawlings at the Cape Coast University and expressed his deepest shock at the students' behaviour during the demonstration.

At the meeting, Prof. Kwami, on behalf of the students, rendered an unqualified apology to the government and especially to the Head of State, promising that given the penitence shown by the students, such acts of rowdiness will not occur again.

Prof. Kwami, therefore, pleaded with the government to consider re-opening the University.

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CSO: 3400/503

FIRST PHASE OF TRANS-AFRICAN HIGHWAY COMPLETED

Accra PEOPLE'S DAILY GRAPHIC in English 30 Mar 87 p 1

[Article by Fiifi Mensah]

[Text]

THE fifty-two kilometre Axim-Mpata portion of the Trans-African Highway constructed by Allgemeine Bau-Union, (ABU) has been formally handed over to the Ghana Government.

The remaining 30 kilometre stretch of the road from Mpata to the border

town of Elubo on which ABU is engaged on maintenance works would also be officially handed over by June.

Mr John W. Jowett, Senior Resident Engineer in charge of the project disclosed this when Mr E. O. Donkor, Secretary for Roads and Highways, Col (rtd) W. A. Thompson, Western Regional Secre-

tary and D. W. Schmitt, European Economic Community (EEC) delegate in Ghana inspected progress of work on the highway which links the capital cities of Accra and Abidjan.

The project, started in 1981, was estimated at C134 million with a foreign exchange component of 77 million Deutsch Marks.

A number of technical problems including the

swampy nature of the terrain, considering the fact that the area experiences one of the highest rainfall patterns in the country contributed to delays on the project and increased the final estimated cost to C700 million with a foreign exchange component of 90 million Deutsch Marks.

The road is being financed with the help of the EEC and the African Development Bank.

According to Mr Jowett, the Ghana Highway Authority will now be responsible for the day-to-day maintenance of the road.

Mr Donkor expressed appreciation for the work done on the road and disclosed that the final commissioning would be done when the Elubo border post building is completed by the Public Works Department (PWD).

During his three-day visit to the region, Mr Donkor also inspected the Dabonase-Takoradi road and the Takoradi-Poase road projects being constructed by Construction Pioneers (CP). Mr Donkor also held discussion with the Omanhene of Sekondi, Nana Awuah Duku on the rehabilitation of the Inhaban Junction-Sekondi road.

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CSO: 3400/503

SHIPPER'S COUNCIL AMENDMENT LAW PASSES

Accra GHANAIAN TIMES in English 28 Mar 87 pp 1, 3

[Text]

THE PNDC has passed the Ghana Shipper's Council (Amendment) Law 1987 which places the Ghana Shippers Council under the Ministry of Transport and Communications instead of the Ministry of Trade and Tourism.

It also gives the Shippers Council the responsibility of implementing the cargo sharing provisions of the United Nations Convention on the Code of Conduct for Liner Conferences of 1974. Ghana ratified this Convention in 1974, but no law was passed to make it effective.

The cargo sharing arrangement provides that trading partners share the cargo which their trade involves in the proportion 40 — 40 — 20. The exporting country is guaranteed a minimum of 40 per cent of the cargo for its shipping lines, whilst the importing country also carries 40 per cent. The remaining 20 per cent of the cargo may be carried by the shipping lines of other countries.

The Ghana Shippers Council may, in special cases in the national interest waive the use of the 40 — 40 — 20 for-

mula.

An Executive Instrument is expected shortly to spell out the details of the implementation including service charges and other financial details.

It is anticipated that this new arrangement, which is already in force in many developing countries, will ensure that a fair proportion of goods produced in Ghana for export will be shipped by Ghanaian vessels.

/9274

CSO: 3400/503

EFFORTS TO BOOST INTERNAL, WEST COAST AIR OPERATIONS

Accra PEOPLE'S DAILY GRAPHIC in English 12 Mar 87 p 9

[Text]

EXCELSIOR Airlines Ltd., a private Company yesterday took delivery of 13 tonne capacity cargo plane for an internal and a West Coast operation.

The venture which is a joint one between a Ghanaian and a member of Mac Aviation Group of Ireland is aimed at filling the vacuum of cargo transport in the country and on the West Coast.

The aircraft which is designed to carry general cargo is also capable of carrying livestock.

Mr Thomas J. McGuinn, managing director of the Airline in a brief address said the company hopes to expand its operation to East Africa and Europe.

Mr K. Amoa-Awuah, Executive Director of the company and a partner said the acquisition of the aircraft will go a long way to open up the country and other West African countries in the field of cargo transport.

Mr E. M. Quaye, Principal Assistant Secretary of the Ministry of Transport and Communications said efforts should be made by the company to help boost the export market of the country.

The aircraft is a lease from the Polish National Airlines.

/9274

CSO: 3400/501

BRIEFS

CDR CADRES CAUTIONED AGAINST DETENTION--The National Secretariat of CDRs has cautioned cadres against detaining suspects in private guardrooms. A statement issued from the Secretariat said people should also not be compelled to submit to CDR arbitration since such arbitrations are only meant to ensure peace, tranquility and congenial neighbourliness within the community. It said when CDRs arrest smugglers and other suspects they must hand them over to the appropriate security agency without undue delay and also report to the next higher CDR structure. The statement said CDRs are to carry out their investigations without setting up courts of their own and without subjecting suspects to forms of brutality. According to the statement, reports indicate that some CDR secretariats are abusing the powers of "Complaints and Investigations" vested in CDRs as per section 31 of PNDC Law 42 and Section 2 (S) and section 4 of the CDR Guidelines. The statement further warned all cadres to refrain from acts which smack of gangsterism. "We have a duty to guard against any act or behaviour likely to give stigma to our image and erode the gains of the past two years," the statement said. [Text] [Accra PEOPLE'S DAILY GRAPHIC in English 14 Mar 87 p 4] /9274

ITALIAN TRACTORS, FARM EQUIPMENT--Italy signed an agreement on Wednesday in Rome to finance a 4.4 million-dollar project to supply tractors and other equipment to farmers in Ghana, the United Nations Food and Agriculture Organization (FAO) said. The four-year project, which is being overseen by FAO aims to speed up production of food crops and improve conditions for farmers in Eastern Ghana. Italy will provide 90 tractors and related equipment. The new agreement brings Italy's contribution to FAO-sponsored activities to 117.5 million dollars, making it the largest single contributor to FAO Trust Fund projects, the organization added. [Text] [Accra GHANAIAN TIMES in English 13 Mar 87 p 8] /9274

CSO: 3400/504

IVORY COAST

FRENCH POLICY IN CHAD PRAISED

Abidjan FRATERNITE MATIN in French 19 Feb 87 p 2

[Article by Marcellin Abougnan: "Mitterrand's Remarks"]

[Text] President Francois Mitterrand has dissipated once and for all the mists that still veil the true nature of the conflict between Chad and Libya, which reveals the lack of political courage of certain political leaders of our continent.

"How is it possible not to see that the military operations currently unfolding in the northern part of this country set up an opposition between the Chadians who are there in their own homeland, and foreign forces which have no right to be there? And that for the simple reason that the legitimate government of Chad--recognized by the entire international community, and first and foremost by the OAU--did not call these forces there to Chad and does not desire their presence?

"Many unfounded parallels have been brought forth. There is no comparison to be made between the military presence of an army of occupation in the north of the country and the situation of France, called in by the legitimate government to uphold its rights. No comparison, whether legal or factual, can be made.

"More especially as it is easy to resume the French policy: namely, that the occupying forces should depart as soon as possible, and immediately the French regiments will return to their own country," he said on 10 February to OAU President Denis Sassou N'Guesso of Congo.

In thus clearly reconfirming the position of France, President Francois Mitterrand no doubt recalled his meeting on the Mediterranean island of Crete on 15 November 1984 with the leader of the Libyan revolution. This meeting--one more attempt to settle the problem of Chad--had not in fact been followed by any results, and indeed, Colonel Qadhafi, scorning his promises, had abused the good faith of the man he was meeting with by multiplying by ten the number of troops he had in the north of Chad. Operation "Manta" having thus been defused, it is no longer permissible for France to lend a complacent ear to the usual old refrain of a simultaneous withdrawal of all foreign troops from Chad.

All the African nations realize this, but most of them do not dare to adopt a position publicly. Beginning with the neighboring states, which, facing other calamities at the gates of the desert, behave circumspectly with the unpredictable Libyan leader, so little do they wish to suffer, either from his threats or from the destabilization that operates out of Tripoli. Add to these, of course, the nations that, by reason of their ideological affinities with the Jamahiriya, prefer to pledge allegiance to the "savior" of the moment, deliberately sacrificing Chad to their own interests.

The Chadian people should not have to live by war alone. They need peace. The conspiracy of silence must cease, then, so that a hope of settlement may finally dawn on the horizon. In the interest of everyone concerned.

8117

CSO: 3419/104

NORTHERN HYPOCRISY IN ECONOMIC TALKS DECRIED

Abidjan FRATERNITE MATIN in French 11 Feb 87 p 2

[Article by Jean-Pierre Aye: "My Open Letter"]

[Text] Dear Frederick, I should like to allow myself, with your gracious permission, which I feel is already granted, to take up once again a subject which, without necessarily being my pet theme, reveals itself sufficiently serious that you and I should speak of it again. Because it concerns our continent, our nation, and therefore each one of us. Our children are not spared.

Perhaps you have guessed it. It concerns those famous prices of raw materials, another of those out and out injustices that it pleases the north to perpetrate and that it fiercely justifies in the name of freedom, free trade, market economy--all part of the jargon that covers up practices that inflict serious damage on our constantly poorer south, a south that denounces this injustice like the prophet crying out in the desert. Always with the hope of being heard.

At times, they allow the feeling of having actually been heard to grow within us. That they are at last sensitive to our pleas; that it is inhumane to pay the lowest possible prices for the products of the hard labor of our farm workers; that it is intolerable to let our districts draw up budgets and then compromise them in games of speculation; that it is unacceptable for our regions to continue to be rich mines of raw materials when in reality they are wilting away in their poverty; that it is now inadmissible and to a certain extent intolerable, for the south to continue to stagnate in poverty while it assures the wealth of the north, curiously.

When we cry--"howl"--our anger and distress, they invite us to the negotiation table, a kind of chain of meetings that witnesses an endless procession of delegations that continue to denounce with equal vehemence, injustice, international hypocrisy, the selfishness of those who are well provided for in life, all ingredients of the government system and all perceived as basic elements in the laws of exchange in the international market place.

So from time to time we sign agreements which, without being fair to the south, are merely acceptable. But these agreements scarcely put up any resistance to the combat of interests that is always more lively by virtue of the interplay

between the stock exchanges, those bodiless, soulless, faceless monsters that crush the freedom of the south. Today not a single agreement remains in force!

How then are we not to feel convinced that the north is doing nothing but impoverishing our regions, and furthermore that it is making sport of them? And with the complicity of all those worldly dignitaries who preach equality, human rights, dignity and solidarity. What courage!

But how can one speak in this vein when one is mortgaging the present and the future of two thirds of humanity? How bottomless human stupidity is! Till next Wednesday!

8117

CSO: 3419/104

PRICE STABILIZATION FOR RAW MATERIALS NEEDED

Abidjan FRATERNITE MATIN in French 10 Feb 87 p 8

[Article by Hien Solo: "What Commodity Pricing Policy?"]

[Text] "The time has come to ask ourselves if the basic products, after several years of disastrous prices, at their lowest level since 1932, can remain a driving force for development, and on what condition?"

Thus wrote our colleague at LE MONDE, in the 24 January 1987 issue, quoted by the head of state during the audience he gave to about twenty European cotton industrialists.

This observation, in fact, is more than bitter for the nations of the Third World, producers of raw materials, and as such, encouraged by the international organizations and by the consumers of the north--anxious to assure themselves a stable source of supply--have long seen in the development of its natural resources a way to move ahead.

Thus in the seventies, the problem of stabilizing the raw materials markets was on the agenda, particularly at the urging of the United Nations.

It was a question of establishing a "new world economic order" in which the third world producers would benefit from a less disadvantaged situation. It was during this period that the international agreements were the most numerous and the most effective.

They affected tin, cacao, sugar, coffee and rubber in particular. The implementation of these agreements was more or less facilitated at one and the same time by a certain international consensus and by a statistical situation that was less unbalanced than the current supply and demand picture.

Today the situation has been reversed. There is hardly any consensus or approval of the stabilization agreements at present, and the markets are deeply unbalanced. To the point that most of the agreements are completely paralyzed or else no longer offer anything more than a facade which conceals a virtually wholesale inertia.

It is that, in specialized international proceedings, continues the report in LE MONDE, "an Anglo-Saxon school of economic thought, which has followers among certain Asiatic producers, defends the thesis of absolute liberalism: You must let the market straighten itself out; alone it will select out the best by price and will supplant the most competitive. The adjustment will take care of itself, and just when matters very little."

The large number of agreements on the products indicated above which have failed, go a long way toward nourishing this laissez-faire thinking. And some feel that the latter proceeds more from a reaction to the third-world discussions of the seventies than from any real process of reflection on development.

In the opposite camp, where most of the third-world nations find themselves, one is more often convinced that the product agreements ought to be maintained and expanded to include other raw materials, with a concern for regulating prices and contributing to the development of the countries concerned. The fact remains that, as Minister Bra Kanon emphasizes in his work, "Development or Impoverishment," the complaint often raised against the international agreements is that the mechanisms put in place within the framework of these agreements constitute a hindrance to the free play of market forces that influence the formation of the price.

What Solution?

One will recall that the representatives of the 22 nations of the north and the south took part, on 20 and 21 January, in a colloquium devoted to world trade in basic products. Organized under French auspices, this meeting did not allow the representatives to arrive at a true compromise before the meeting of the Seventh UNCTAD, planned for next July in Geneva. Nonetheless, the analyses tend to concur, and they agree that the prices of raw materials have fallen since 1980 because of "the increased supply and the falling off of demand, but also because of the macroeconomic and financial factors, including the lowering of the rates of inflation in the lowering of the prices of raw materials."

So what should the policy be for these materials?

While awaiting the reply of the Seventh UNCTAD, we wish to say, with Mr Van Hoek, the special consultant for the EC commission, "that it is not enough to go about ranting about the international economy."

The moment has come to admit the need for taking a series of political, economic, monetary and financial measures in order to bring to bear a real improvement on this economic environment which must stabilize the export revenues of the developing countries that produce raw materials.

In other respects, both producer and consumer must, together and in a spirit of mutual interest, favor the transparency of the markets, notably by supporting the initiatives that aim at organizing data banks that are accessible to all and offer information concerning quantities, prices, supplies and investments. The development of such information banks is indispensable in order to be able to insert the structural processes of adjustment in the producer countries into a framework less nebulous and uncertain than the present one.

Where such a transparency does not exist or is not possible, we must have recourse to the establishment of what are commonly called product observation posts.

This new system, which aims at providing a satisfactory solution to the whole issue of raw materials in the world of tomorrow, must include the possibility of concluding agreements on products where they prove to be viable, since these agreements are conceived in a realistic way and include the establishment of regulating mechanisms adapted to the specific situation and capable of accompanying the long-term developments of the different factors that characterize these markets.

But all these ideas are not easy to realize, the pressure of selfishness makes itself felt, and it is perhaps necessary also to think of the effect these summary reflections will have on the implementation of a policy that aims at creating a third-world development capability less dependent on raw materials.

8117

CSO: 3419/104

FOOD PRICE INCREASE EXPLAINED

Abidjan FRATERNITE MATIN in French 16 Feb 87 p 9

[Excerpts] The news flash of this day aims at sizing up the market situation that has prevailed during the first week of the month of February as far as the ribbed tomato, fresh pimento and fresh gombo are concerned.

In fact, in the light of the ongoing market situation, and provided one leaves out of consideration the performance of the ribbed tomato in the north and east, the rising prices of these three vegetables are similar everywhere. The decreased production rate, observed regularly at this time of year, explains the situation.

All things being equal in other respects, it is advisable to call attention to the fact that the southern region, including the great consumer markets such as Abidjan and San Pedro, is not the most expensive to live in, contrary to what is commonly believed.

From another angle, certain interior markets of the center, north and east remain productive at this time as well, in particular as regards fresh pimento.

All told, if the off-season products from the irrigated perimeters do not rally to the support of these rainy-season products, the tendency to higher prices runs the risk of holding steady for several months yet.

8117

CSO: 3419/104

BRIEFS

GRANT FROM FRG--A financial agreement was signed on 10 March between Ivory Coast and the FRG, represented respectively by the Ivorian minister of economy and finance and the FRG ambassador. The grant, which amounts to 750 million CFA francs, will be used to finance the implementation of livestock projects in the Bouna area. [Summary] [Abidjan Domestic Service in French 1245 GMT 17 Mar 87 AB] /9274

MAN AIRDOME COMPLETION SCHEDULE--The renovation of the Man Airdome which has been going on for 3 months, will be completed by the end of March. This will enable Man residents to benefit from the services of Air Ivoire. The new strip, whose site was selected at least 6 years ago, will be, like the other strips that are to be renovated, 2,100 meters long and equipped with ground lights. [Excerpts] [Abidjan FRATERNITE MATIN in French 13 Mar 87 p 8 AB] /9274

CSO: 3400/83

OPPOSITION LEADER DISCUSSES FAMINE

Paris INDIAN OCEAN NEWSLETTER in English 14 Feb 87 p 6

[Text]

Two motives seem to be behind the current visit to Paris of Monja Jaona, the 77-year-old leader of Madagascar's MONIMA party and the principal opponent of President Didier Ratsiraka, who arrived in the French capital on February 4.

First, he wanted to alert the greatest possible number of international humanitarian organisations to the famine which has affected the Androy country of southern Madagascar for the past two years, and the extreme shortages which the inhabitants of the Tamatave region on the east coast have been suffering since the passage of cyclone Honorinina (see ION N°255). In an interview with The Indian Ocean Newsletter he said that the Antananarivo government had yet to distribute any free food to the famine victims, even though 40,000 people had died of hunger and another 280,000 had fled the region.

The MONIMA leader also asserted that the lack of food given to beggars and abandoned children exiled to the outskirts of Antananarivo by the authorities had driven them back into the city in the hope of finding nourishment. At present one new body is found every day on the rubbish heaps of the capital, he said.

Secondly, Mr Jaona, whose party is apparently the driving force behind the present student unrest in Madagascar, is trying to make contacts both with Malagasy dissidents in France and the French press and the authorities, which have hitherto been relatively impervious. His aim is to make it understood that his main adversary nowadays is not France, as it was in colonial times, but the regime of Didier Ratsiraka. So far, however, no French official has agreed to meet him. On the other hand two of the leading daily newspapers, the right-wing Quotidien de Paris and the centre-left Le Monde, have given him space.

Among Malagasy exiles, who are chiefly to the right of the present regime, there is distrust of Monja Jaona's associates, considered too radical, even though no one doubts the patriotism and honesty of the veteran southern leader. It cannot be ruled out, however, that his visit to Paris will lead to the Malagasy opposition closing ranks and attempting to draw up a political platform, in order to produce a credible alternative policy to the one which the present regime is so lacking.

/9274

CSO: 3400/84

REASONS GIVEN FOR FACULTY STRIKE

Paris INDIAN OCEAN NEWSLETTER in English 14 Feb 87 p 6

[Text]

No new clashes occurred this week at the university in Antananarivo after the eight deaths last week among members of the MAREMA student wing of the AREMA party which has been opposing the student strike. This lack of reaction by the government has left many observers perplexed, with memories still fresh of the August 1985 massacre of troublesome kung-fu practitioners by the army in the centre of the capital. One student, belonging to the MFM party, who was among the ten demonstrators arrested last week, has even been freed. However most of the student leaders at the head of the protest movement have gone into hiding, and a new official leadership should be elected. Every faculty is continuing the strike, and leaflets distributed here and there reveal a sharp politicisation of the movement.

The university teachers' union, the CECES, for its part, met in a general assembly on February 10 and strongly criticised in a statement the lack of official information on the events which had occurred on the university campus, such as confrontations and the presence of the army. The union also noted that it had not been consulted by the authorities before, during or after the publication of the disputed university reform measures. The CECES rejected a proposal by the minister of higher education that there should be MAREMA "monitors" in classes.

The teachers said they would be prepared to resume work "once a climate of security and peace" suitable for education was restored. A resumption of classes in certain faculties by the end of next week can not be ruled out.

/9274

CSO: 3400/84

BRIEFS

BANK UNIONS MEETING PREVENTED—The heads of Madagascar's three national banks, the BNI, BSM and BTM, moved discreetly to prevent the banking unions holding the general assembly which had been scheduled for the end of last week. As a wind of rebellion blows across the country, affecting in particular the students and the civil service, the banks are concerned that their employees do not join in the movement. The banking unions, the SEREMA, FISEMA, FISEMARE and SEMPIMITO, are opposed to unorthodox practices which affect the interests of their members, such as the use of bank profits to write off unrecovered loans to fictitious companies. [Text] [Paris INDIAN OCEAN NEWSLETTER in English 14 Feb 87 p 8] /9274

CSO: 3400/84

MMM JOINS CAMPAIGN TO DENUCLEARIZE INDIAN OCEAN

Port Louis LE NOUVEAU MILITANT in French 22 Feb 87 p 15

[Text] The Seychelles is the first country in the Indian Ocean region to support the project launched by the countries in the South Pacific. The newspaper THE NATION, published in the Seychelles, explained in an editorial entitled "The South Pacific Shows How" that the countries in the Indian Ocean should join together, like the nations in the South Pacific, so that our region as well can be proclaimed nuclear-free.

Moreover, it has been learned that the MMM had planned to raise the question of denuclearizing the Indian Ocean and the South Pacific at the meeting the leader of the party was scheduled to have with Bill Hayden, the Australian minister of foreign affairs, during the visit he was to pay to Mauritius between 5 and 7 February.

In fact, according to the schedule prepared for the visit, Mr Hayden was to meet with Paul Berenger, leader of the opposition and the MMM, for an overview of the international situation, and that in the Indian Ocean in particular. Mr Berenger planned to take up with his Australian visitor the proposal that the Indian Ocean be proclaimed a peace zone, as well as the efforts undertaken by the countries in the South Pacific to achieve the goal of denuclearization of their own region.

5157

CSO:3419/111

WORLD BANK, ADB PROVIDE FINANCING FOR INDUSTRY

Port Louis L'EXPRESS in French 15 Feb 87 p 6

[Text] A 750-million-rupee loan agreement accepted by the World Bank and the African Development Bank (ADB) for financing industrial projects will be examined by the boards of directors of those two international financial institutions in March. It is very possible that the first tranche of that aid will be disbursed before June. It will amount to 350 million rupees.

Besides the projects making vertical integration of the Mauritian textile industry possible, the new production areas to be exploited are jewelry, fine leather goods, and publications (books and magazines in particular).

Additional 150 Million Rupees

Minister of Finance Vishnu Lutchmeenaraidoo announced to the press on Friday that the negotiations, which involved a loan of \$25 million (325 million rupees) from the World Bank and a loan of 30 million units of account (450 million rupees) from the ADB, had just been finalized.

The proposal to the ADB initially requested 20 million units of account. The ADB has agreed to increase that aid by 10 million units of account.

Those loans will be repaid over a period of 17 years at an interest rate of 8 percent, with a 3-year moratorium. The lending conditions of both financial institutions are practically identical.

Exception

In addition, one condition is that the firms whose projects will be financed with these loans must be geared to exports.

That, said the minister, fits in with the policy and industrial strategy of the government, which is thinking of discontinuing the issuance of development certificates except in exceptional cases, notably those involving projects of "national and regional" scope.

The financial aid being provided to the industrial sector by the ADB and the World Bank may help make Mauritius an international financial center and also a regional center supplying engineering, industrial, and other kinds of equipment, said the minister.

Besides the SOCOTA and SOLTEX projects, which will make vertical integration of the Mauritian textile industry possible, the emphasis will be on exploiting new areas of production, examples being jewelry, fine leather goods, and publications.

Same Advantages

The minister also discussed the rationalization of customs tariffs, a step that will increase industrial competitiveness while also eliminating the constraints which until now have allegedly prevented firms not having an "export processing zone certificate" from going into exports.

This means that factories belonging to the free zone and those which do not will soon enjoy the same tax and customs advantages.

Lutchmeenaraidoo also said that indications are that the rate of inflation for fiscal 1986-1987 would be less than 1 percent.

He emphasized that the financial aid from the ADB and the World Bank would help accelerate the process of industrial development and economic growth.

11798

CSO: 3419/112

POSITIVE TRADE BALANCE IN 1986; FORECASTS FOR 1987

Port Louis L'EXPRESS in French 16 Feb 87 pp 1, 15

[Excerpt] The weight of the pound, the U.S. dollar, the French franc, and the South African rand accounts for about 45 percent of the "trade weighted basket of currencies" in effect since the start of 1983. According to the information appearing on page 150 of a recent edition of the INTERNATIONAL CURRENCY REVIEW, the pound accounts for 15 percent, the French franc 12 percent, the South African rand 10 percent, and the U.S. dollar 7 percent.

So far, neither the IMF nor Mauritius has revealed any details concerning the composition of that basket of currencies, which has played an important role in improving the competitiveness of Mauritian exports.

Parameters

Moreover, the INTERNATIONAL CURRENCY REVIEW recalls in a note introducing its article that "during the period from 1979 to February 1986, the Mauritian rupee was devalued (notionally) by 120 percent due to a combination of official policy aimed at stimulating exports (even though the main export product line is sugar) and severe external pressures over which the authorities had no control."

In reviewing the major economic parameters shortly before leaving for Paris, the deputy prime minister and minister of finance, Vishnu Lutchmeenaraidoo, stated for his part that "the Mauritian rupee is performing very well."

Summing up the performance of the Mauritian rupee from September 1981 to the end of last year, the minister mentioned a "basket of 16 foreign currencies" and noted that there has been an unfavorable movement (devaluation or depreciation) of the Mauritian rupee amounting to 45 percent with respect to the Japanese yen, 35 percent with respect to the Deutsche mark, and 8 percent with respect to the French franc, while its value has risen by 76 percent against the South African rand and 72 percent against the Chinese yuan.

The chancellor of the exchequer also noted an almost stationary movement (with which "Clothilda" had nothing to do) with respect to the pound from September 1981 to the end of last year.

Concerning the main economic indicators for 1986 and forecasts for 1987, the minister of finance boasted of the fact that the level of reserves, which totals about 1.8 billion rupees, or nearly 2 months' worth of imports, might pass the 2-billion-rupee mark by June.

He took pains to explain that those results with the foreign currency reserves at the Bank of Mauritius have quieted apprehensions caused by the deregulation of imports as part of the economic recovery being carried out under the guidance of the World Bank and the IMF.

To support his thesis, the minister first recalled that a steering committee headed by Indur Ramphul, governor of the Bank of Mauritius, is reviewing the situation regularly to keep it from getting out of hand. The minister then tackled some figures to emphasize that the situation is under control.

"Despite the deregulation of 256 items, Mauritius ended 1986 with a favorable balance in its trade."

The trade balance showed a surplus of 553 million rupees, according to early data available at the Bank of Mauritius. The trade deficit in 1985 was on the order of 360 million rupees.

The table below sums up developments in the chief economic parameters.

<u>Imports and Exports (in millions of rupees)</u>			
<u>Description</u>	<u>1986</u>	<u>1985</u>	
Imports	7,814	6,976	
Exports	8,367	6,616	
Exports by free zone	4,580	3,222	
Imports by free zone	3,157	2,236	
Sugar exports	3,361	2,983	
		(millions of rupees)	
		<u>1986-87</u>	<u>1985-86</u>
Balance of payments on current account		+1,146	+ 643

Upward Movement

On the subject of economic forecasts, the minister of finance mentioned gross revenues on the order of 6.1 billion rupees from the free zone in 1987 (a 25-percent rate of growth), 3.9 billion rupees from sugar exports, and a little over 1 billion rupees from the tourist industry, which may experience a 12-percent rate of growth in this year of the Sea Festival.

In the case of sugar, the latest information shows that as a result of currency shifts in the European Economic Community, the compensatory amount, which was 27 British pounds per metric ton, gradually climbed to 99.99 pounds by the start of February this year.

11798

CSO: 3419/112

FIGURES SHOW UNEMPLOYMENT REDUCED IN 1986

Port Louis L'EXPRESS in French 4 Feb 87 p 6

[Text] The total number of unemployed persons at the end of 1986 was 49,454. Official circles said that this figure showed a drop of 15 percent for that year as compared to the preceding one. There was less of a decline in that year when the free zone was the largest employer, when it came to the number registered with employment bureaus.

According to the preliminary indications, the number of individuals unemployed in December 1986 came to 49,454. According to the bimonthly surveys, the number of unemployed at the end of October was 52,140. The curve in the number of unemployed persons registered with the employment bureaus shows a gradual and steady decline in the unemployment rate as the months went on.

The report issued by the Ministry of Labor emphasized that the decline seen was basically due to a consistent reduction in the number of unemployed persons between the ages of 20 and 24. They have found work in particular as laborers or workers.

A comparative study of the 1985 and 1986 statistics shows a reduction in unemployment between the two years of about 15.4 percent. In fact, while there were 58,453 persons unemployed in December 1985, by the end of last year there were 9,000 fewer.

Where the number registered with employment bureaus was concerned, the trend was also downward, but to a lesser extent. At the end of 1985, there were 60,971 persons registered, as compared to 52,581 in December 1986. During the period in question, there was a reduction of about 13.8 percent.

It should be noted that in compiling the data, the Ministry of Laborie made a distinction between the unemployed and those who are not satisfied with their present jobs. The latter, although they continue to register with employment bureaus, are not regarded as "unemployed," strictly speaking.

During the years 1983 and 1984, there were, respectively, 72,991 and 68,547 persons registered with employment bureaus.

A detailed analysis of those who registered with these bureaus shows that a little over three quarters are males. The major age category is that between 20 and 24 years of age, in which more than 44 percent are unemployed.

This large number is due to the fact that those in this age group have recently completed their studies and are looking for their first jobs.

It is being suggested in employers' circles that it was possible to increase the mass of workers and thus to reduce unemployment consistently because those who were employed did not insist on an improvement in their job conditions.

And now it has become possible, to a greater or lesser extent, to distribute the wages of the manpower employed as of the end of 1985, the most substantial wage volume, among a larger number of employees.

5157

CS0:3419/111

INCREASED EXPORT INCOME EXPECTED IN 1987

Port Louis LE MAURICIEN in French 16 Feb 87 p 8

[Text] The exports of sugar and manufactured products from the free zone will bring in about 10 billion rupees this year as compared to 7.9 billion in 1986, according to the estimates of the Mauritian authorities. The minister of finance says that gross income from the free zone will come to 6.1 billion, while sugar exports will total about 3.9 billion rupees. Where tourism is concerned, a rate of growth of 12 percent is expected for this year.

Quoting the Bank of Mauritius figures, Mr Lutchmeenaraidoo said that 1986 marked a turning point in foreign trade. For the first time in many years, the trade balance showed a positive figure of 553 million rupees, while in 1985 there was a deficit of 360 million. The value of exports came to 8,367,000,000, or 1,751,000,000 (26.5 percent) more than in 1985. The value of our imports increased 12 percent from one year to the next, from 6,976,000,000 to 7,814,000,000.

The portion of the export total accounted for by the free zone increased from 49 percent in 1985 to 55 percent in 1986. This sector had exports totaling 4,580,000,000 last year, as compared to 3,222,000,000 in 1985. Its imports also increased, from 2,236,000,000 rupees to 3,157,000,000. Net exports were thus up 44 percent, from 986 million rupees to 1,423,000,000.

Sugar brought in 3,361,000,000 rupees in 1986, as compared to 2,983,000,000 in 1985. Again according to the Bank of Mauritius, the balance of payments showed a surplus of 1.5 billion rupees in 1986-87, as compared to 643 million in 1985-86.

The depreciation of the dollar, Mr Lutchmeenaraidoo noted, worked greatly to our benefit. Where current accounts are concerned, the balance in 1986-87 will be positive, at 1,146,000,000 rupees, as compared to 134 million for 1985-86.

The minister of finance emphasized that the liberalization of imports has not, as some feared, been harmful to the economy of the country. Moreover, the Central Bank emphasized in its report that the imports of liberalized products increased at a "moderate pace," which should not affect our foreign exchange reserves. Mr Lutchmeenaraidoo noted with satisfaction that despite the boom

in consumption in December 1986, the import level has remained reasonable. "This is an indication that there has been a change in the thinking of the Mauritian citizen. He is becoming increasingly economy-minded," the minister said.

Moreover, Mr Lutchmeenaraidoo said that imports of vehicles, gas stoves and bicycles increased in 1986. The figures are: for automobiles, 27.8 million rupees in 1985 and 90.9 million in 1986; for gas stoves, 2.5 million rupees in 1985 and 11.4 million in 1986; and for bicycles, 2.5 million in 1985 and 11.5 million in 1986.

With regard to our reserves, the minister confirmed that they currently total 1.8 billion rupees, and that the 2 billion rupee mark will be exceeded between now and 30 June 1987, without taking into account the release of the first lot of aid (about 350 million rupees) allocated within the Industrial Sector Adjustment Loan negotiated with the World Bank and the African Development Bank.

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CSO:3419/111

BRIEFS

JAPANESE LOAN FOR PORT—Following the recent visit to Japan by the minister of agriculture, fisheries, and natural resources, the Japanese Government has demonstrated its willingness to consider extending a line of credit on the order of 850 million rupees. The money would be repaid over 20 years following a 10-year moratorium and at an interest rate of from 3 to 4 percent per year. The decision was made in consideration of the good economic performance of Mauritius and on the basis of favorable comments from the IMF and the World Bank. The Japanese want the money to be used for various infrastructure projects such as the Port Master Plan, the Northern Plains Irrigation Project, and so on. [Text] [Port Louis L'EXPRESS in French 6 Feb 87 p 1] 11798

DETAILS ON PLESSEY AFFAIR—Apart from the drugs scandal, another affair is causing upheavals in Mauritian politics. It concerns the British firm Plessey International, which was awarded a 507 million rupee contract at the beginning of last year for enlarging and modernising Plaisance international airport. A former minister of works, Rohit Beedassy, revealed in September 1986 that in 1982 Plessey representatives had offered him a four percent commission if he supported the firm's case. The contract, which was let without his consent, was not put out to international tender. According to the former minister, if normal procedure had been followed the work would not have cost more than 250 million rupees. Last February 8 former chief whip Harish Boodhoo told 5,000 people at a meeting at Rose Hill on the Plessey affair that prime minister Anerood Jugnauth was responsible for the way the matter was handled. Deputy prime minister Sir Gaetan Duval, however, sprang to Mr Jugnauth's defence, and revealed that Britain's premier, Margaret Thatcher, had personally written to ask that the contract be awarded to Plessey. This revelation could provoke strong reactions from Plessey's competitors in Britain. [Text] [Paris INDIAN OCEAN NEWSLETTER in English 14 Feb 87 p 7] /9274

CSO: 3400/84

ECONOMIC RECOVERY PLAN INTRODUCES NEW CONCEPTS

Paris THE INDIAN OCEAN NEWSLETTER in English 7 Mar 87 pp 8-9

[Text]

Mozambique's economic recovery plan published last month, which should lead to a formal agreement for finance from the International Monetary Fund in the next few days, as Maputo's minister for co-operation Jacinto Veloso indicated in his interview with The Indian Ocean Newsletter on February 24, introduces two concepts which are new to the country: profit for state-owned businesses and material incentives to encourage workers and peasants to increase their productivity. With its objectives of reviving production and reducing financial imbalances, the plan also comprises a complete remodelling of the health system (employers must now pay for the medical treatment of their workers) and of rentals (which are now calculated according to the nature of the accommodation and not the income of the occupant). All this is equivalent to a revolution in the principles of the ruling Frelimo party which will bring about an upheaval in the way of life of ordinary citizens. The government has set itself ambitious production targets, which are aimed to end the decline in all sectors which has been going on since 1981, and which was systematically recorded in the study published by The Indian Ocean Newsletter in July 1986, entitled Key Sectors of the Mozambican Economy.

● Revival of production

To revive output and increase productivity the government has announced a number of measures, of which the most innovative in the Mozambican context is the official introduction of material incentives, which added to wage rises of the order of 50 per cent throughout the country will increase the income of the most productive workers by between 90 and 100 per cent. In addition, the recovery plan provides for the state, which is preparing to shed large numbers of its own employees, to redirect this workforce to production, particularly in the family agricultural sector.

The 1987 national plan calls for an increase in agricultural produce sold of 42 per cent. For staple grains the target is 40,000 tonnes of rice and the same amount of maize. In 1986 only 61,500 tonnes of rice and maize combined were put on the official market. The plan also provides for the commercialisation of 45,000 tonnes of cashew nuts, one of the country's main exports, compared with only 30,000 tonnes in 1985 (figures for last year not yet available). As for cotton, which has traditionally been shunned by the

Mozambicans because in colonial times its cultivation was obligatory, the government has set a target of 25,000 tonnes to be sold in 1987, compared with only 5,700 tonnes in 1985.

To encourage farmers to sell surplus produce, the plan has set up an agricultural marketing fund of three billion meticals, to make consumer goods available in rural areas. According to reports in the local press, the authorities plan to increase the regimentation of peasants to force them to produce. In Nampula province, for example, the main cotton-growing area, they are being asked to leave the communal villages, which are implicitly acknowledged to be responsible for the decline in output, and obligatorily work four hectares of cotton, cashews, millet and cassava alongside the roads. Foremen, the former colonial capatazes, have been recruited and production records (*caderneta do produtor de algodao ou castanha*) reintroduced for growers of cotton and cashews.

On February 26 the government announced large increases in prices paid to farmers (up 320 per cent for maize, rice, millet, beans and groundnuts). The grower will now be paid 40 meticals per kilo of maize, for instance, instead of 13. Retail prices have also been increased, although to a lesser extent in the cities of Maputo and Beira, where staple items continue to be subsidised. In the country's two largest population centres the consumer will pay 25 meticals for a kilo of rice instead of the previous 13.5, and 23 meticals for a kilo of rice, which also used to cost 13.5.

The recovery programme is intended to bring production of cashew nuts up to 90,000 tonnes by 1990, of cotton to 40,000 tonnes and of maize to 70,000. While it is counting on a 29 per cent annual growth in marketed output in the family sector, its target for the state-owned farms is a less ambitious 17 per cent. In other economic sectors the annual growth targets for 1978-90 are 23 per cent for transport and 12 per cent for industry (chiefly light industry and food processing). To attain these objectives the government has resurrected the notion of profit, which has become the sole criteria for evaluating the results of a business, as prime minister Mario Machungo told the Mozambican parliament in January. He said that state-owned firms would enjoy sufficient autonomy of management to enable them to increase their efficiency. Mr Machungo also expressed the hope that within three years productivity would be five times what it is today.

The recovery plan envisages that by 1990 export revenue, and income from the ports and railways, will reach 300 million dollars. The forecast for 1987 is 135 million.

● Reduction of financial imbalances

In the search to reduce financial imbalances the government has adopted a new taxation policy. It includes the introduction of an income tax which partially replaces the national reconstruction tax. Workers earning less than 5,000 meticals per month are not subject to income tax but have to pay 1,500 meticals per year in national reconstruction tax. Incomes of between 5,000 and 10,000 meticals per month are taxed at six per cent, and of more than 10,000 at 15 per cent. Income tax is not levied on employees of the state, the Frelimo party and mass organisations, but (and this is an innovation) production and service co-operatives have to pay it. Private companies will have their revenues taxed more heavily, though certain tax advantages are given to exporters of non-traditional goods and emigrant workers investing in Mozambique (five years of tax exemption).

In addition, the government announced in February a series of price rises ranging from 100 to 300 per cent in postal and telephone charges, water and electricity costs and internal transport fares. Basic food prices have just gone up (see above).

Another important innovation, a reversal of Frelimo policy for the past ten years, is the shake-up in the health service and the end of "free" care. From now on hospital charges have to be met by employees and workers, with the exception of state functionaries, Frelimo war veterans, Mozambicans under 18 and the unemployed. The only treatment remaining totally free for all is for diseases like leprosy and tuberculosis.

The calculation of rents according to the income of tenant has been abolished.

Finally, the government wants to encourage savings and limit credit. The interest rate on fixed term deposits is now 20 per cent.

● The budget

The national budget for 1987, which takes the recovery measures into account, provides for a deficit of 30 billion meticaïs, a sharp increase compared with 1986 (when revenue was put at 19.5 billion and expenditure at 26.7 billion). This year receipts are estimated at 55.6 billion meticaïs and outgoings at 85.6 billion. The defence budget represents 34.6 per cent of expenditure, as against 41.9 per cent in 1986, but is higher in value. Funding of loss-making firms accounts for 16.4 per cent and subsidies on basic items 7.9 per cent. The servicing of Mozambique's debt is put at 5.7 billion meticaïs, or 6.7 per cent of the budget.

/9274

CSO: 3400/506

ABUJA HOTELS, CONFERENCE CENTER FOCUS OF FOREIGN INVESTMENT

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 24 Feb 87 p 2

[Article by W. An.: "Moves Already [Take Place] in the New Capital Abuja: The Nigerian Government Is Also Investing in Numerous Installations This Year"]

[Text] Frankfurt--Recently in Nigeria, the minister for the Federal Capital Territory in Abuja communicated that the ministries of trade and internal affairs have already completed the move from Lagos to Abuja in connection with a new investment thrust to complete the new Nigerian capital city. The ministries of finance and industries are to follow soon. The minister is confident that the move of all federal ministries will be accomplished by 1991.

The Nigerian Ministry of External Affairs had already urged the diplomatic missions to make the move to Abuja by 1989 and to take the necessary measures. For 1987, the Nigerian Federal Government foresees expenditures of about 500 million naira (1 naira = about DM0.60) for the construction of the new capital, 11 percent more than in the previous year.

The construction of Abuja at the foot of the granite Aso Hill is the responsibility of the Federal Capital Development Authority (FCDA) established in 1975, which is again full of hope after years of delay and political differences of opinion. The construction of the capital is taking place in three phases. So far, in the scope of the first phase whose development began in 1979, they have primarily completed approach roads, the airport, a dam on the Usuma River with a water treatment system, the president's guest house, and the infrastructure for two housing areas. The French Societe Dumez, Paris, had been awarded the contract for the takeoff and landing runways at the airport. The opening of the Agura Hotel (200 rooms) followed in May 1986. It was built for \$40 million by the Dutch company Bredero International B.V., Utrecht, and its subsidiary Bredero Nigeria Ltd., Lagos, for the Golden Tulip Group, which belongs to the sphere of the Dutch airline KLM.

The Bredero group is also building the Abuja Sheraton Hotel that is expected to be opened in the spring of 1988. This hotel, which will be part of the chain of Sheraton Hotels and Inns, Boston (Massachusetts), will have 620 rooms

(air-conditioned), three restaurants, several bars, a gallery of shops, a multipurpose room for 1,000 people, and a swimming pool. In the meantime, the Nicon Noga Hilton Hotel managed by the Hilton International Corporation, New York, was put into operation as early as August 1986 to accommodate the participants in the Ecowas summit conference and is now to be opened in March 1987. This hotel, with more than 750 air-conditioned rooms, is owned by a Nigerian consortium. The main partners in the consortium are the National Insurance Company of Nigeria (Nicon) and the businessman Nessim Gaon.

The opening of the Abuja Hyatt Regency Hotel is to open a few months after the Nicon Noga Hilton Hotel. The construction of this hotel (650 rooms) was awarded to Coutinho, Caro & Co. AG (CCC), Hamburg, which now belongs to the American McDermott Group. The construction costs for this hotel are estimated at \$182 million. It is owned by a consortium of Nigerian banks and development institutes.

As for the Germans, special mention should be made of the participation of Bilfinger + Berger Bauaktiengesellschaft, Mannheim, and its Nigerian subsidiary Julius Berger Nigeria Ltd., Lagos. The German parent company holds a 40-percent share in this company. Julius Berger Nigeria Ltd. was recently awarded an additional important contract in the amount of 580 million naira for the performance of final infrastructural work in the area of Maitama and in the center of Abuja. The construction activity of Bilfinger + Berger in Abjua, which began in 1980, was continued in July 1983 with another large contract valued at 137 million naira for the construction of roads, retaining walls and bridges in the central area.

A large international conference center is to be completed by June 1987 for the next Ecowas summit meeting. The Italian company Lodigiani was tasked with its construction. It also was awarded the contract for the construction of a mosque and the new headquarters of Ecowas, the construction of which has not yet begun, however. In addition to Nigeria, 15 other countries of the region belong to the West African Economic Community (Ecowas). (The edition of 15 May 1985 reported on the water supply for Abuja, which is 500 kilometers to the northeast of Lagos. H.P. Gauff Ingenieure GmbH & Co., Nuremburg/Frankfurt, has undertaken important consultation work in this area).

9746

CSO: 3420/15

WADE HOLDS PRESS CONFERENCE FOLLOWING PARTY CONGRESS

Dakar LE SOLEIL in French 19 Jan 87 p 7

[Article by Moustapha Mbodj]

[Text] The Fourth National Convention of the PDS, which was held at the El Mansour Cinema, concluded Saturday with the unanimous adoption by acclamation of the final resolution proposed to the delegates. Mr Abdoulaye Wade then answered questions from journalists during a press conference held following the adjournment of the convention, and prior to a popular gathering of representatives of most of the opposition parties held at the Baya Gainde HLM in the afternoon, at which he presided.

The PDS will not participate in the 1988 elections unless the electoral code is modified, its secretary general, Mr Abdoulaye Wade, announced during the press conference held Saturday for representatives of the domestic and international press following the national convention of the leading Senegalese opposition political party. The convention ended with the approval of an important general resolution.

While at the inauguration of the Fourth National Convention of the PDS, Mr Wade spoke of "serious guarantees" as conditions for his party's participation in the next elections, he made himself even clearer on Saturday, with the formal demand for revision of the electoral code.

Speaking of the problem of unity in the opposition on a broad base in order to offer a credible alternative to the party in power, the PDS leader said that it is erroneous to believe that the opposition must necessarily unite. "I think that the PDS can defeat the PS without uniting with anyone at all," he added. Mr Wade said that in his view, this is the explanation for 'the massive electoral fraud' unanimously denounced by the opposition parties in 1983. "We represent a credible alternative, and we will make ourselves more credible by achieving unity of the opposition," the head of the PDS said. In his view, "The party in power would not even come in second" following his group, in the event of free and democratic elections.

Discussing the problem of legitimacy posed by the split which has occurred within his party, Mr Wade denounced what he regards as government manipulation, and he went on to lash out against "those who panicked at the

announcement that the PDS will not participate in the elections if the electoral code remains as it is. Legitimacy exists in this hall," he went on to say. In his view, the matter was definitively settled. The secretary general of the PDS announced the possibility that the Senegalese market will be flooded with rice at 60 francs per kilogram, if the public authorities agree to give him a free hand.

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CSO:3419/76

FOURTH CONGRESS OF PDS (WADE FACTION) PUBLISHES RESOLUTION

Dakar LE POLITICIEN in French 27 Jan 87 pp 4-5

[Text] The following is the full text of the general resolution approved by the Fourth Senegalese Democratic Party (PDS) Convention.

With an African and international situation which is strongly characterized by the resurgence of regional conflicts and acts of violence, and a singular national situation characterized by the existence in Senegal of 16 political parties which nonetheless function as a single party system, and against a background of extremely acute economic and social crisis, the Fourth National Convention of the Senegalese Democratic Party was convoked by the Political Bureau during its meeting on 1 November 1986 and was held at the El Monsour Cinema in Dakar on 15, 16 and 17 January 1987. It was attended by 2,000 delegates and 3,000 observers, representing the 41 departmental federations and internal bodies which make up the party.

The convention was characterized by the very powerful mobilization of the men and women militants in the PDS who, prevented by space considerations from being present in the hall, crowded around the convention premises to follow the proceedings at this important event, which was enhanced by the entirely exceptional representation of almost all of the political groups in the opposition, which thus made a point of demonstrating their resolute involvement with the PDS in taking up the challenges which urgently confront our country and our people.

There were also numerous messages of support and wishes for full success sent by foreign parties and organizations to the PDS and all its members.

The national convention desires first of all to send its fervent thanks to these organizations and to express to them the full gratitude of all of the members and officials of the PDS, who are keenly aware of this sign of interest.

Following a report on the activities of the National Secretariat at the beginning of its sessions, the national convention heard a masterly speech by the national secretary general, Abdoulaye Wade. Its richness, depth and great political significance make of it a reference document not only for the members of the PDS, but for all the citizens of Senegal and even Africa.

The national convention, aware of the importance and the quality of this speech, which was unanimously approved by all of the federations, has decided to make the various guidelines in the report the framework for this general political resolution, to demonstrate not only its total and unreserved support of the orientation proposed by the national secretary general, Abdoulaye Wade, but above all so that each militant will have easy access to this material, which is essential to the pursuit of our political battle.

The resolution is thus organized on the basis of the following four themes:

1. Party life.
2. Economic and social situation.
3. Political situation--the future of democracy.
4. African and international situation.

Party Life

The national convention, after hearing the activities report delivered on behalf of the National Secretariat by our comrade Ousmane NGom, the spokesman of the National Secretariat, which emphasized the intensive party activity both on the national and the international levels, despite the base maneuvers and petty plots which characterized the period just past;

In view of the maturity, farsightedness and determination with which the National Secretariat headed by Comrade Boubacar Sall, the interim representative of the national secretary general, has been able to direct its activities, making it possible to mobilize the party from the base to the summit, joins in the congratulations addressed by the national secretary general to the party leadership, the Political Bureau and all of the members who have thus, in his absence, demonstrated that they are the true guardians of their party; and

In view of the intensive activity pursued by the party on the international level, with its participation in major international gatherings, such as the Liberal International Congress held in Hamburg from 2 to 5 October 1986;

The national convention expresses its particular satisfaction and offers a standing ovation to our national secretary general, Abdoulaye Wade, in connection with his brilliant election to the post of vice president of the Liberal International, and as an honorary and active member of the important Commission on Individual and Collective Rights of this international political organization.

Other important international gatherings included:

--The Tripoli International Conference on Apartheid organized by the Association of African Jurists (AJA), at which the national secretary general proposed the 24-hour communications boycott (telephone, telex, satellites, etc.) against South Africa;

--The International Conference on Palestine which was held in Athens, Greece, under the sponsorship of the Panhellenic Cultural Movement (March 1986);

--The mission to express solidarity with the people of the Libyan Arab Jamahiriya in connection with the American bombing of Tripoli and Bengasi. Following these tragic events, Professor Abdoulaye Wade made a decisive contribution to the peaceful settlement of the conflicts between the Americans and Libya with the proposal of an international conference on the Gulf of Sirte (for which preparations are currently being made);

--Liberal International Executive Committee in Helsinki (June 1986); and

--The International Conference on Democracy in Haiti organized in Puerto Rico by the National Democratic Institute (NDI) of the American Democratic Party (August 1986).

The national convention offers its warm congratulations to Comrade Abdoulaye Wade on his brilliant election to the vice presidency of the Liberal International, and it commits the party to the pursuit and development of its important activities on the international level.

In view of the exemplary mobilization carried out by the Senegalese opposition as a whole in order to make this event a privileged meeting place for all those in this country, whatever their line of thinking, who desire to confirm their fervent commitment to unity in the battle we are waging together against the antipopular regime and their fierce opposition to Abdou Diouf's undemocratic electoral code;

The following, on the highest level, have affixed their endorsement:

Ande Jef, MRDN

African Independence Party

Democratic League, MPT

Popular Democratic Movement

Socialist Workers' Organization

Communist Workers' League

Senegalese People's Party

Union for Popular Democracy

UDS, Renovation

Independent and Labor Party, and

Party for the Liberation of the People.

The national convention expresses its great satisfaction with this upsurge of unity, and it solemnly reaffirms the commitment of the PDS within the Senegalese Democratic Alliance (ADS) and its firm determination to work tirelessly for the strengthening and expansion of unity of action on the part of all the opposition groups.

Economic and Social Situation

In view of the excessive haste which has marked the policy of the government of Abdou Diouf in these past 2 years, resulting in the development, following austerity, of the economic stagnation we see today in all of the sectors of our national life;

With education being sacrificed with the establishment of a one-legged system baptized the "New School," with half-time classes which, for strictly budgetary reasons, are providing reduced education which will rapidly lead to overworking the teachers and the loss of generations of children;

And since the rural sector, after having been bled by years of exploitation, has been abandoned to its sad fate with the "New Farm Policy," which is nothing but the turning of its back on its responsibilities by the state in a sector which is the spinal column of our economy. Since the peasants have neither seeds nor fertilizer, and thus cannot farm, this condemns the vast majority of the population, whose only resource is agriculture, to famine;

And since industry, the victim simultaneously of the "disengagement" and the indebtedness of the state, is in a state of collapse, with its series of bankruptcies, enterprises shut down, massive dismissals, etc.;

And in view of the high cost of living in Senegal, with the constant increases in the prices of goods of first necessity, despite the decline in the dollar and the interest rates, forcing entire families to survive, if only barely, on their own meager resources, at a time when numerous countries, even our neighbors, have undertaken to reduce the prices on goods for mass consumption;

The national convention believes that the blind disengagement of the state under pressure from international organizations is an aberration in a Third World country, especially one like Senegal, where the state, after pursuing "fuzzy socialism" characterized by an excessive number of unproductive state enterprises, trumpeted a message announcing "less state, more market."

Although such a slogan might be suitable in Europe, where the state has already built an economy, it cannot be applicable to Africa, where everything remains to be done, for if the state disengages itself, it is a fact that it is not the market which will build roads, dams and railroads or which will educate the children. As a result, state intervention is perfectly consistent with a market economy.

The national convention also welcomes with real enthusiasm the proposal by the secretary general, Abdoulaye Wade, to reduce the price of rice to 60 francs per kilogram so as to give the broad masses easier access to the main food staple of the people.

It salutes the commitment to raise the issue officially, and as soon as possible, with the national authorities on this vital matter.

The convention expresses its satisfaction with the recovery of dynamism and the upsurge of unity which can be seen in the Senegalese trade union movement thanks to the rapid development of the vanguard unions, which have truly taken up the legitimate claims of the workers and the laboring masses.

Political Situation

In view of the democratic impasse in which the country finds itself, since for the past 4 years the bridges between the regime and the opposition have been totally destroyed, in view of the fact that no dialogue has been possible;

And in view of the serious responsibility the regime bears for this situation, since instead of encouraging and promoting dialogue, it has consistently denigrated and undermined the opposition, using methods at odds with any political morality;

And in view of the fact that the most recent example of these dishonest measures was provided by Abdou Diouf when, at the time of his party's congress, he accused the opposition of being power-hungry, whereas the natural desire of any political party is to win power;

The national convention confirms that where it is concerned, the PDS favors the normalization of political life in Senegal and has already taken important steps in this connection.

1. All of the political parties should reach an agreement and sign a national charter in which they commit themselves to respect for the will of the people and thus to endorsement of the organization of free and democratic elections.

2. Elections should henceforth be the business of the parties, and not the administration.

A national electoral commission representing the political parties should supervise the elections, which would avoid the situation wherein a competitor is both judge and interested party.

3. An electoral code should be drafted by a national commission made up of representatives of the political parties.

The PDS also favors the presence of international observers when elections are held.

This normalization of political life will only be possible in the end if these two basic principles are respected:

--The opposition must recognize the right of the government to govern.

--The government must recognize the right of the opposition to oppose it.

In any case, the national convention insists on solemnly reasserting the firm determination of the PDS to oppose, in consistent fashion, the execution of any coup, using force, with the intention of repeating the electoral coup d'etat of February 1983, as well as its decision not to stand by idly as a passive witness to an electoral sham.

The national convention emphasizes the urgency and the need for the regime to adopt a position immediately on these issues which affect the political life and social peace of our country.

With regard to the events in Casamance, which are now affecting the rhythm of life in that region and our court institutions, and aware that this is a political problem and that the claims of those who favor independence are in fact but the reflection of a profound frustration from which the people, who have been neglected for decades thanks to an irresponsible PS policy, have suffered for a long time, the national convention reiterates the PDS proposal that a political solution be found to this painful problem, rather than giving priority to repression, which can only harden positions. It urges that a political solution could therefore begin with amnesty for the political prisoners of Casamance, who are currently crowding the prisons, with a subsequent move toward undertaking direct dialogue with the people.

African and International Situation

In analyzing the international situation, the national convention notes the persistence of tension and wars throughout the world, and above all in Africa.

With regard to Chad, where the participation of the country is dictated today by the position of foreign forces siding with both belligerent parties, the PDS confirms its proposal for a settlement within the framework of the OAU, without the intervention of foreign forces.

With regard to South Africa, the bastion of apartheid, the PDS reasserts the need to promote the mobilization of the people throughout the world, but above all in Africa, with a view to greater concrete support of the combatants in the ANC and the movements opposing apartheid, to strengthen pressure and accelerate the fall of the ignoble system so that the AZANIE can very soon become a multiracial democracy.

Aware, moreover, that Africa cannot develop without real democracy and real unity, not on the level of the general staffs and chiefs of state, but unity on the level of the peoples, the institutions and the economic structures;

The national convention believes that pluralistic democracy is entirely possible in Africa, and in particular in Senegal, but in any case, whatever the regime, it must respect the rights and freedoms of the individual.

The national convention urges all African leaders to promote this new form of African unity by opening up the frontiers and promoting institutions such as an African parliament. In fact, such undertakings represent the only healthy way for our continent and for our peoples as the 21st century, which will be the century of great complexes.

Following this broad overview assessing the historic responsibility of the Senegalese Democratic Party in this giant battle for the well-being of Senegal and its people, who are broadly imbued with a determined desire for change and aware of the historic necessity that the PDS take up the democratic and developmental challenge;

The national convention has decided to propose to the Political Bureau that a special congress be convoked before the end of 1987 to establish the definitive position of the party and to determine all of the steps which need to be taken, alone or in concert with other opposition groups, with a view to the coming electoral dates;

It recommends that the membership on all of the base party levels be renewed before the special congress, on the basis of the 1987/88 party cards;

And, finally, it urges the party leadership and all of the militants to exercise increased vigilance and to occupy the national and international political field on a permanent and rational basis, in order to frustrate and deal with all of the maneuvers of the adversary, whatever they may be. The national convention, on the alert, reaffirms its full confidence in and unfailing support of Abdoulaye Wade, our national secretary general, enlightened guide and tireless combatant for the liberation of Senegal and Africa.

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PROCEEDINGS AT CONGRESS OF DIOP WING OF PDS REPORTED

Opening Address

Dakar LE SOLEIL in French 2 Feb 87 p 19

[Article by El Bachir Sow]

[Text] Mr Serigne Diop's Democratic Party (PDS) will participate in the next elections in 1988.

On the economic level, "in order to correct errors committed in the past," the PDS regards recourse to the assistance of the World Bank and the International Monetary Fund as inevitable.

In his inaugural address to the members of his party who attended the congress held last weekend in the Magic Cinema, Mr Serigne Diop, secretary general of the PDS, announced this decision and went on to analyze the situation in Africa and in Senegal at length.

Where Senegal is concerned, Diop believes that on the political level and "arithmetically, pluralism has already been achieved." In his opinion, the remaining task is to guarantee "the conditions for the expression of the political parties."

Such conditions, acceptable to all, have not yet come about, according to this PDS leader, because "The Senegalese administration is still characterized by a single-party spirit in many sectors."

Consensus

The secretary general of the PDS emphasized that those who embody government authority should be subject to penalties for the actions they committed outside the democratic ethic. If such disciplinary measures were to be adopted, this would be an important step toward the establishment of democracy in our country.

In analyzing the economic situation, Diop first of all recognized that the situation in Senegal remains particularly difficult. He went on to add that this is one of the rare areas in which there is a consensus in our country.

Going on to discuss the World Bank studies at length, Mr Diop expressed concern about the deterioration of the purchasing power of the people of Senegal and the anguishing problem of unemployment. On this latter point, the demand is characterized now by the massive influx into the labor market of individuals with higher educational degrees and levels of competence inversely proportional to the jobs they find.

Deriving his conclusions from his analysis of the economic situation, the PDS leader said first that the "solution to the problems facing the country is not to be found, as some suggest, in withdrawal from the franc zone."

Mr Diop maintained, moreover, that Senegal cannot do without structural reform. He expressed the view that "With or without the World Bank and the International Monetary Fund, our country is faced with the need, and it is urgent, to correct the major errors committed in the past."

In a word, he stressed, "Senegal cannot do without the World Bank and the IMF."

However, he nonetheless voiced two reservations. In an initial stage, he does not believe that "the sacrifices to be made must necessarily be demanded first and foremost of those most capable of making them."

Concerning his second reservation, he said that "Private enterprise will not be the determining means of reestablishing the major macroeconomic balances for a long time."

National Solidarity

In order to emerge from the crisis we are presently experiencing, there is a need, in the opinion of Diop, for "great projects based on national solidarity." These great projects in which the state should engage must meet two conditions. First, there must be a high coefficient for the labor element as compared to capital. And then the second condition is a certain economic profitability through a potential direct or indirect added value. The large dams on the Senegal River as well as the Cayor Canal measure up to the spirit of this demand.

To conclude this portion of his address devoted to the domestic situation, Diop recalled the basic options of his party (liberty and democracy). He said that "The PDS is embarking upon the path of democratic but not systematic conquest of political power." Finally, explaining the relations of his party with the regime in power, Diop said that the government is "an interlocutor, not an enemy."

In the portion of his report devoted to Africa, the secretary general of the PDS said that "Our future, that is to say our destiny, falls within an African context."

Africa is not poor, and is even rich. It is the Africans who are poor, and this is due, Diop noted, to "the policies pursued by those to whom power was entrusted."

After assessing the political and economic situation on our continent, the secretary general of the PDS came to the conclusion that the "theory of solidarity in terms of concentric circles is that most likely to guarantee an advance in unity toward the future." He went on to note, however, that this unity cannot be built without the participation of the people. Democracy thus appears as the key imperative of the economic and social process in Africa.

At the beginning of the congress, before the secretary general delivered his report, Mr Alassane Cissoko, president of the congress, and Mr Mor Fall, of the first urban federation in Dakar, spoke. The first speaker, Mr Cissoko, said that there is but "one single PDS which has the support of the masses and which remains the leaven of the democratic renaissance." Mr Mor Fall Diop, for his his part, said that "These sessions confirm the triumph of truth, reconciling the PDS with the basic principles of 1974."

Commentary

Dakar WAL FADJRI in French 5 Feb 87 pp 12-13

[Article by Birane Gning]

[Text] In the months to come, problems pitting the "PDS against the PDS" will flourish, it was decided by the Serigne Diop faction at the conclusion of its first congress.

Abdoulaye Wade has been expelled from the PDS. Whether he calls himself secretary general of the party or speaks on its behalf, he will be brought before the courts for usurping authority. This was one of the main decisions adopted by "the congress for clarification, confirmation and advancement" of the Senegalese Democratic Party (Serigne Diop faction), which held its sessions last weekend at the Magic Cinema. This decision to "definitively and totally exclude" the leader of the other faction was endorsed by an excitable crowd, which made Serigne Diop the legitimate secretary general of the party.

In plain words, the decision of the supporters of Serigne Diop means that in the days to come, a series of legal proceedings involving the two factions is to be expected. Since their respective leaders are recognized jurists, it goes without saying that the debate will be on a high juridical level. This process is likely to lead to the elimination of one of the factions, or at the very least, one party name too many.

At the congress, it was not solely a matter of clarification. It was also necessary to confirm the party line. In this connection, throughout its sessions, the congress confirmed the "13 October 1985 declaration" (which led to the schism in the PDS) and thus to a return to the original line, as established by the congress in Kaolack in 1974. Let us recall that at this constituent congress, the PDS defined itself as a party of contribution.

Election Dates

Serigne Diop and his group also seem to want to effect a certain "advance" which would lead to a "reorganization" and "restructuring" of their party, to

be achieved before the general elections in 1988. This is an electoral date for which preparations have been actively undertaken. In fact, the congress came out in favor of participation without prior conditions in the 1980 electoral contests. And to this end, it appealed for a general mobilization of the militants, including the women in the party, who are now organized in a federation.

Components

The PDS of Serigne Diop is for the time being the only opposition party to have adopted an unequivocal and unambiguous position with regard to general elections. It is also the only group to hold a "solitary" congress. Boycotted by the other opposition parties (11 parties, more precisely), its sessions enjoyed the support of the Democratic Union (UDS-R) alone, which was represented by its secretary general, Puritain Fall. This was perhaps why in the entire 90-minute duration of the general policy address delivered by Serigne Diop, very few references were made to the opposition and unity within it. Certain components within this opposition still harbor a resentment against "the signers of the 13 October 1985 declaration." But is this a reason for the party of Serigne Diop to isolate itself? If it regards opposition unity as a Utopia, this would perhaps explain it.

It is, on the other hand, certain that the schism within the PDS is well and truly definitive. The hope remains that one of the two protagonists will understand that he is now facing his destiny.

5157

CSO:3419/76

ITALIAN FUNDS FOR OIL PIPELINE REHABILITATION

Harare THE FINANCIAL GAZETTE in English 6 Feb 87 p 7

[Text]

AN AGREEMENT has been reached between Tazama Pipelines and Snamprogetti/Saipem Spa, Italian companies belonging to the ENI group, for the rehabilitation of Zambia's oil lifeline.

A spokesman of the holding company, the Zambia Industrial

and Mining Corporation (Zimco), said the agreement would enable the governments of Italy and Zambia to finalise the financial agreement for funds to be made available from Italy.

Rehabilitation work will start as soon as funds became available and is expected to be completed by the end of the year.

Early this month, the country faced a fuel shortage following the suspension of pumping operations because of leakages. Minister of State for Power, Transport and Communications, Mr Kenneth Musangu, said that because of the heavy leakages, pumping of crude oil from Dar es Salaam had to be suspended to allow repairs.

In September last year, it was reported that Italy was to contribute US\$10 million towards the World Bank programme to rehabilitate the pipelines.

Earlier the European Investment Bank (EIB) announced that it was to lend Zambia about K1 million for engineering study of the pipeline project. The study was part of the overall scheme to rehabilitate the 1710km pipeline from Dar es Salaam to Ndola.

In March the World Bank released US\$3.5 million for the rehabilitation survey by a British firm of engineering consultants, Pencol Engineering Consultants.

After the survey, they recom-

mended that the only viable and lasting solution was to rehabilitate the whole line on a package basis, and not in phases.

According to a United Nations Development Programme (UNDP) World Bank energy study for Zambia carried out in 1985, the pipeline's severe leakage problems are largely attributed to inadequate operating procedures and the almost complete lack of a regular maintenance programme. Maintenance staff, it said, operated on the reactive fashion, responding to problems as they occurred rather than working for prevention.

Because of the deteriorating condition of the pipeline, the UNDP/WB report recommended that it should immediately be rehabilitated and an effective engineering department be established to ensure continued maintenance.

The line was built as an alternative route for Zambia's crude oil imports following UDI. It started operations in 1968.

/9274

CSO: 3400/499

STATE'S TAKEOVER OF FARMS CAUSES FUROR

Harare THE FINANCIAL GAZETTE in English 13 Feb 87 p 12

[Text]

FARMERS and many members of Parliament in Zambia are deeply concerned about the Zambian government's recent move to nationalise all milling companies and to repossess about 45 farms at Mwembeshi, west of Lusaka, for state development under Indeco and a Belgian group.

Their concern has been widely reported in the Times of Zambia and the Zambia Daily Mail over the last week or so. Many of the critics have said that they fear the government's plans will "scare away" potential investors, and is a threat to farmers' security of tenure.

In the Zambian parliament on January 23 about 20 MPs called on the government to rescind its decisions to take over the Mwembeshi farms and to nationalise the millers.

One member, Mr E Kavindele (Chingola), said that the state did not have any funds with which to compensate the now nationalised milling companies and that this seizure would affect investment confidence abroad.

He and other backbenchers were also reported to have "grilled" the Minister of Lands and Natural Resources over the takeover of the farms, covering a total of some 19 000 ha of land.

The farms are at present occupied by individual farmers, many holding leases and title deeds. When they are repossessed by the state they are all to be placed under the parastatal Indeco organisa-

tion, and run as a huge agricultural project under the administration of the Belgian multinational Huys. Barley, wheat and other crops will be grown on a big scale.

During heated debate, as reported in the Zambian press recently, more than 20 MPs strongly criticised this takeover move. Some asked if it was government policy to "grab developed land from Zambians and give it to foreigners."

Others said it was contrary to the policy of "humanism"; asked what would become of the existing Mwembeshi farmers, and why the Indeco-Huys project could not be sited on virgin, as opposed to already developed, lands.

The Commercial Farmers Bureau of Zambia said it saw the move as a "threat to their security of tenure and a blow to agricultural investment confidence".

A CFB spokesman was quoted as saying that such overseas investment should be made on under-utilised land. As only about 5% of Zambia's arable land was cultivated at present, it seemed quite wrong that such a project should involve state expropriation of utilised land.

If existing farms were required for new projects, he added, then it was felt they should be acquired by free purchase on a "willing buyer, willing seller basis."

The spokesman questioned the expertise of the Huys group in agriculture, noted that many previous state farming ventures had failed in Zambia, and said that if

existing farmers were offered a better price for barley they could themselves produce what was required.

DAMAGE LIKELY?

The CFB urged the Zambian government to reconsider its decision before "irretrievable damage" was done to investment confidence in the country.

However the Minister of Lands and Natural Resources, Mr Ben Kakoma, said that the government would not reconsider its decision to repossess the farms.

According to press reports he said that Indeco and the Huys company would be the majority shareholders in a project to grow barley, sorghum and other crops on a "model farm", and also set up a malting plant for the breweries.

This, he said, would save Zambia "millions of kwacha" annually in imports of barley and malted sorghum, and could also gain about K18 million each year through the export of beans.

He assured parliament that the farmers would be given ample time to harvest their crops and said the Indeco-Huys takeover would be spread over several years.

The Belgian Huys group is believed to have proposed an investment of some US\$32 million in the project over about five years. About 580 people are to be employed on the land on a peasant basis, said newspaper reports.

BRIEFS

CHINA DONATES JET FIGHTERS—China is reported to have given Zambia a "major gift" of weapons including a whole squadron of jet fighters, but a report from Lusaka last week said that details of the items involved are as yet not available. In addition, the Lusaka daily Times of Zambia has reported on February 12 that a \$19 million executive jet aircraft has been purchased for President Kaunda's use. A report commenting on these points which was published in the Africa Economic Digest last week said that a Chingola member of parliament, Mr Enock Kavindele, raised the issue of the executive jet in the house recently, but was stopped from examining the deal further by a parliamentary point of order. [Text] [Harare THE FINANCIAL GAZETTE in English 27 Feb 87 p 7] /9274

CSO: 3400/499

ANC'S CHRIS HANI ON MILITARY PROGRESS, ACHIEVEMENTS OF MK

London SECHABA in English Dec 86 pp 10, 11, 12, 13, 14, 15, 18

[Interview with Chris Hani, member of the National Executive Committee of the ANC and Army Commissar of MK in December 1986; place not given]

[Text]

On December 16th 1961, Umkhonto We Sizwe, our People's Army, issued its Manifesto and carried out its first operations. To mark the 25th anniversary, Sechaba interviewed Comrade Chris Hani, Member of the National Executive Committee of the ANC and Army Commissar of MK.

Comrade Chris, this year, 1986, has been declared the year of Umkhonto we Sizwe (MK). What do you think has been the progress and achievements of MK in the military field?

If we go back to the day when the President of the African National Congress, who is in fact the Commander-in-chief of Umkhonto we Sizwe, designated it, we shall remember that this is the year of Umkhonto we Sizwe, the People's Army, for the following reasons. It has become very clear that the enemy has no other option in the solution of the problems of the country, except violence. And we also know that the trend since the escalation of the militant resistance of our people has been the violent response of the enemy. In the face of the escalating violence of the enemy, the revolutionary violence of the people becomes very, very important. And we know that the revolutionary violence of the oppressed people of our country is epitomised by MK. MK is the revolutionary violent arm of our people.

The designation of the year as the Year of MK was a clarion call to the People's Army, MK, to escalate the armed struggle. Now you are asking the question, what have we achieved in the military field? I believe in all modesty that MK has become a permanent feature of the struggle of our people for national liberation and social emancipation. We have enriched the struggles of our people by introducing the armed element.

The enemy's statement itself has admitted openly that 1986 has seen the unprecedented escalation of armed struggle. I believe we have taken the armed struggle today to every corner of our country. We have, for instance, spread the armed struggle to areas which in the past few years were not affected by armed struggle. We know that for a long time the armed struggle tended to be confined to the Transvaal and Natal but this year our units have spread armed activities to the whole of the Cape Province as well as to the Orange Free State. Our units have been in action in the Western Cape, attacking police stations and installations of the enemy.

What is important is that we have converged with the forces on the ground. What I mean by this is that the militant upsurge of our people has thrown up thousands of activists who have reached the same conclusion as the ANC; that the crucial aspect of our struggle is the armed one.

We have got young militants, literally numbering thousands, confronting the enemy. At the beginning, of course, these militant youths confronted the enemy with stones, petrol bombs. But now we have introduced an armed element to the militancy of our young people. We have introduced hand grenades. I think this has deepened the development of the process we began to see last year, the growing ungovernability of our country. As the result of the armed element of the struggle, including MK and the other armed units, military units of our people which are born out of the struggle, our people have utilised the skills we have imparted to them, deal with the police, community councillors, and various collaborationist elements. By so doing we have rendered most townships ungovernable.

The enemy is no longer in control of these areas. I think we have facilitated the question of the emergence of organs of popular power — the street committees, area committees. But also this has seen a new development in our country, the spread of the struggle to rural areas. If we are to elaborate, briefly, our units have taken part in armed operations in the bantustan areas. I think the most significant part of this escalation was the attack in the very heartland of the Transkei bantustan, Umtata, where an MK unit literally overran a police station, killing more than ten puppet police.

Even in Bophuthatswana, where there was an escalating reign of terror by the Mangope puppet forces, our units dealt with the most notorious commander of the police forces there, Brigadier Molohe. As a result of that we kept up the momentum of struggle in a number of bantustans. But what is also important especially as regards our struggle in the bantustans and in the countryside, is that in KwaNdebele where there was a militant mass movement against bantustan independence, the intervention of MK led to the elimination of the most notorious of the collaborationist elements, Piet Ntuli. The elimination of Piet Ntuli by an MK unit galvanised the population in KwaNdebele and led to the government actually being forced to suspend the independence which was scheduled for this year.

So, in brief, I think MK this year has made armed struggle the reality throughout the whole country.

What has been the impact of these military operations on the population as a whole?

The population of SA is divided between the oppressed and the oppressor. I think the enemy is facing a crisis of a new type. It is a very, very deep crisis. I don't think it's a crisis the enemy has faced before. We see a situation where the entire oppressed population is involved in a mass militant struggle against the enemy, literally not collaborating and rejecting that government. A new situation is beginning to develop. In classical terms I would think that the objective elements of a revolution or a revolutionary situation are maturing. Our people have shown a willingness to sacrifice and die if necessary for the struggle.

Secondly our people have said clearly that they are not prepared to live in the old way. They have rejected all organs of minority institutions like community councils, like management councils and even the fourth chamber. Botha is right now groping for puppets who would participate in the fourth chamber. And you can imagine a similar situation when Botha can't even get the so-called moderates to participate in his solution. And I think this is a victory which belongs to our people.

Now we have also forced the enemy to declare a state of emergency. The declaration of the state of emergency is also an admission by the enemy that it can no longer rule in the traditional manner. With the trappings of bourgeois democracy the enemy has been forced to declare martial law. The enemy preserves its right to rule through occupation by soldiers and the police.

In the townships in fact there is no administration. The enemy can't move in the African areas without an armed escort. I think this is an important aspect of our political and military victories.

Where the oppressed people are concerned, I believe they have gained a new confidence in their own capacity to move and free themselves. Why do I think so? Our people have created their own organs. Mass democratic organisations. They have created their own trade unions, very militant. And they don't just confine themselves to the day-to-day issues of the workers, like better living and working conditions. The workers have come of age and have begun to involve themselves in the national liberation struggle.

We are seeing now a skilful combination of the national liberation aspects of struggle as well as the economic struggle in terms of the workers wanting to improve their working and living conditions because this is also important. We are seeing now a growing tendency to plan together, to strategise together between the workers and the mass democratic movement. We are seeing the acceptance of the central role of the ANC, and we think this is a very important development. Virtually all the mass democratic movement in our country, all the trade unions see the ANC as the vanguard of the national liberation struggle.

Recently we have seen an important development where the ANC has been accepted by virtually all the patriotic movements in our country, organisations especially of the oppressed people, but even from the White side. We are seeing a new development where certain sectors of the White population, losing confidence in the ruling class, feel that the ANC is at the core of the solution of the problems of our country. The Whites have come to accept that Botha has failed to provide any solution to the serious crisis which faces us. In the universities this tendency is growing, in the urban areas and even among the big industrialists.

I think you are aware the ANC has been consulted by the leaders of big industry having discussions with leaders of Anglo-American, Barlow Rand and others.

We have also introduced a new element, our escalating activities in the rural areas. We know that traditionally these have been areas where the

ruling class has always had a lot of support. But the armed struggle is spreading in our country, the rural areas, the farms themselves, have become theatres of operations, in the northern and the eastern Transvaal. In other words, the armed struggle has injected a new confidence in our people.

The youth of our country, and the old people as well, have embraced MK. We are seeing a development where our MK units are accepted virtually everywhere in the African townships. MK has become the most important development in the assessment of our people. We are surviving better than before. Which means that our movement has created a political infrastructure within the country where most of our people see that they have a duty not just to be spectators, but to come forward providing shelter, providing information, providing hiding places and providing even recruits for MK. Umkhonto we Sizwe is beginning to be entrenched all the time among the people themselves. That is why we find the situation that, despite the most massive deployment of the SADF in the townships, MK units are continuing to operate in Durban, Johannesburg, Port Elizabeth, East London and many other centres of our country.

Can you tell us a bit more about rent boycotts, the destruction of Community Councils and the emergence of street committees and other organs of popular power?

The enemy mass media have admitted that the government is no longer in control of the situation. Very few community councils are operative in our country today. In most areas, especially the Eastern Cape, I mean, places like Port Elizabeth, Port Alfred, Grahamstown, Cradock, areas in the Western Cape, like Gugulethu and Crossroads, KTC areas in the Free State, like Tumahole and some parts of Bloemfontein, the whole of the East Rand and Soweto, areas in Pretoria like Mamelodi and Atteridgeville, the government has no organised presence. There is no administrative apparatus. In place of the dummy institutions of the past, we have seen a growing progressive tendency where the people have set up organs of popular power, street committees, area committees as well as yard committees.

In other words, the people have taken it now into their own hands to organise their lives. To organise their own administration. This is an important development because this is the basis now for the situation in future, where the people will have their own democratic organs, where the people will have their own institutions to discuss their own problems. To discuss the problems of the struggle. To discuss development.

And for us these are sort of semi-liberated areas in the sense that we are in control there. When the enemy comes in to challenge us we withdraw into our own houses, in our own ghettos but as soon as the enemy disappears we come out and we are in charge of the situation.

It is the admission of the mass media that the government has lost millions in uncollected rents. Our people are no longer paying rents. In other words our people are no longer paying for their enslavement, because these rents are collected not for the improvement of the lives of our people, but to strengthen these administration boards, to employ a big battalion of civil servants to oppress our people. In places like the Vaal, Soweto, Pretoria, the Eastern Cape, Free State and Natal, people are no longer paying their rent. Our people are saying: "Why should we pay rent when we are not participating in the running of our areas?"

And when we speak of our areas I am not referring to the ghettos. I am referring to the whole city. Our people are demanding a democratic participation in the running of their lives, in the running of their cities, in the decisions of how the revenues should be divided, how the city should be developed. Our people are really challenging the very central aspect of apartheid — that we don't belong to the ghettos, we belong to the cities. These cities are what they are, the infrastructures which have been built, they are ours, so we must have a democratic participation. In other words, at a number of levels, our people are challenging their oppression, and are saying that "We are the majority, and we are the democratic majority, and we are not going to allow you to dictate what we should do, and we are not going to collaborate, as long as we don't have any word in decision-making." Our people are saying, "We represent the majority, we decide what is good for us. And we're not going to leave it to a Malan, to a Koos or to a Van Der Merwe to take decisions for us. We shall take our own decisions. If you refuse to allow us to take our own decisions then we are not going to collaborate."

The Western countries are pushing for negotiations between the ANC and the racists. Can you comment on that?

The Western countries are desperate. I don't think they have become friends of the liberation movement. All of us know that they have their own material interests. They have huge investments in our country. South Africa is a very wealthy country. Apart from that it is a strategically situated country. For America and Britain as well as West Germany and France, it is very, very important that South Africa

ultimately should be ruled by those who are going to preserve the economic interests of these countries.

I think now it is fast dawning in their minds that the ruling class in our country, Botha, Huenis, Malan and others are no longer able to preserve conditions for the continued exploitation of our country by the transnational companies, for the continuation of a situation where the wealth of our country is literally being siphoned out of our country. They do not want to see their profits and their properties and investments going up in flames. There is a growing syndrome within the ruling class of open defiance, of being indifferent to what happens eventually. The western countries are keen on negotiations and the basic intention is that we should negotiate so as to serve their own interests. That is why now America, Britain and other countries are being concerned about what is happening in South Africa. It is because they can now see the balance of forces shifting in our favour. It is not concern for democracy and for human rights but is concern for their pockets.

We take the position that we want political power to be transferred to the democratic majority. This is the bottom line of our argument. We are saying that the question of democracy in a united South Africa is not negotiable. The second thing we are saying is power should be handed over to the democratic majority in our country. We are prepared to negotiate for the dismantling of apartheid and the transfer of power to the democratic majority.

What are the prospects for the armed struggle in South Africa?

Without sounding melodramatic, the prospects for the armed struggle are very, very bright. I believe in the recent period we have witnessed a very significant development of MK. Never before in the history of MK have we come across the central pride of the oppressed population in our country. Never before have we reached a situation in our country where even according to the admission of the enemy himself, the activities of MK are escalating every day. Without exaggeration I would think that never before have we seen such unparalleled achievements by members of the People's Army. The level of performance of MK has improved even more. Very few of our comrades have surrendered to the enemy. There is a growing tendency to fight the enemy to the end.

Let me quote a few examples, such as the heroic efforts of Barney Dladla, Victor Khayani and Sidney Sibepu, where they fought and forced the enemy to bring helicopters and armoured cars in order to destroy only four members of

MK. We have for instance dealt with a lot of strategic installations of the enemy. We have attacked, I think for the third time, Sasol. We participated in the trade union struggle by attacking the offices of Anglo-American, Gencor and other mining houses. We have been attacking police stations, homes of police. Inside our country we have units of MK surviving, growing and being given all sorts of opportunity by our people. This is a new and significant development. Our people are ready to sacrifice for the armed struggle.

There was a situation in Mdantsane where one of our comrades was raided by the police. He was able to take out his gun and he dealt with the Ciskeian police. He had not time to put on his clothes. But as soon as he got out he met an old woman who was ready to take him and give him overalls and clothes. This is not just an isolated situation. MK units have fought side by side with the people of KTC using AKs and, without exaggeration, KTC would have been demolished today if MK had not participated on the side of the people.

We introduced an armed element to the mass struggles of our people in KTC, Crossroads, Alexandra, Mamelodi, in White City Jabavu and in Rockville, and we are even beginning to defend our people against the rampaging brutal activities of Inkatha ka Zulu in Umlazi, in Claremont and KwaMashu. We have become part and parcel of the ongoing mass struggles of our people. As far as I am concerned, we are very optimistic that MK continues to grow and strengthen its capacity to confront the enemy. Our people should look forward to the situation where, in the course of their confrontation with the enemy, units of MK will be with them.

Can you comment briefly on the necklace?

Why the necklace? You know for a long time South Africa, being a colonialist power of a special type, has depended on the continued repression of our people through active collaboration by puppets. We know that even in the classic colonial situation in countries like India, Kenya, the old Tanganyika and elsewhere, the colonialist has always depended on the African askari. Similarly, in our country, we know ourselves that the colonialist, the racist, regime if you like has always depended on the active collaboration of the oppressed, on the recruitment of the Black policeman, the Black special branch. Because the Black policeman, the Black special branch and the Black agent stay in the same township as we do, they have been the conduit through which information about our activities, about our plans has been passed to the enemy.

This has made the process of organisation and mobilisation very difficult.

So the necklace was a weapon devised by the oppressed themselves to remove this cancer from our society, the cancer of collaboration of the puppets. It is not a weapon of the ANC. It is a weapon of the masses themselves to cleanse the townships from the very disruptive and even lethal activities of the puppets and collaborators. We do understand our people when they use the necklace because it is an attempt to render our townships, to render our areas and country ungovernable, to make the enemy's access to information very difficult. But we are saying here our people must be careful, in the sense that the enemy would employ provocateurs to use the necklace, even against activists. We have our own revolutionary methods of dealing with collaborators, the methods of the ANC. But I refuse to condemn our people when they mete out their own traditional forms of justice to those who collaborate. I understand their anger. Why should they be cool as icebergs, when they are being killed every day?

As far as I am concerned the question of the necklace and how it should be used belongs to all of us, to the ANC, to the democratic movement. We should sit down and discuss amongst ourselves how we should mete out justice. What is revolutionary justice? One fact is that, where agents and collaborators are concerned, we should establish, where it is possible our own revolutionary courts where justice should be meted out. And in those courts we should involve some of our best cadres so that our forms of justice do not degenerate into kangaroo justice. We would like to maintain revolutionary forms of justice. But SA is not a normal society; the situation is very very abnormal. People are angry because we are fighting fascism in that country.

The ANC will never abandon its leading role. We are saying to our people, whatever method you devise, there should be democratic participation, there should be democratic discussion and whatever method we use, that method should conform to the norms of the revolutionary movement. As I say we understand why the necklace has been used. We know even the negative and positive aspects of the necklace. There is a lot of discussion now going on the question of the

necklace. But it is not this silly conclusion that it is Black on Black violence. The necklace has been used against those who have been actively collaborating with the enemy. We say the movement should be vigilant to ensure that whatever sentence is passed on anybody, it is a result of participation by the revolutionary elements of our struggle.

And I suppose the revolutionary approach of the ANC applies equally to the attitude towards bombing of beaches, cinemas and so on?

Of course it does. Of course it does. It applies to the bombing of cinemas, supermarkets. You know we have units on the ground inside the country. We have quick reaction units there. Sometimes the enemy carries out acts of terror against our people. We should read carefully what Comrade Sibuyiso Andrew Zondo said after the bombing of Amanzimtoti. Here was a commander of an MK unit feeling very very angry, and emotionally disturbed by the assassination of our comrades in Maseru and feeling that it was his duty as commander of an MK unit to respond. And of course in his response he chose a centre in Amanzimtoti, and in the course of the bomb blast, the so-called civilians are caught in the process.

We are going to come increasingly across a situation where comrades in anger are going to react and deal even with White civilians. That is not the policy of the ANC. One must remember that we are in a state of war. The ANC is clear. I must repeat its position: we want to deal with the enemy personnel, the police, the army, with the administration of the enemy, with the economic installations, with farms and farmers. But in the process our people are going to get angry. And I think the world in general, and especially the Whites in SA, must reckon with the fact that the Botha regime solely is responsible for this sort of situation. We are not authors of the situation. And increasingly as we confront the enemy, as we deal with enemy personnel, more and more White civilians are going to be caught in the cross fire. And I want to repeat that we are not responsible for this situation. We shall try as much as possible to avoid civilian casualties. We are not a terrorist movement. We abhor terrorism. We are a revolutionary movement.

/9274

CSO: 3400/508

ORGANIZATION TO DISTRIBUTE ANTI-ANC CARD WORLDWIDE

Johannesburg SUNDAY TIMES in English 29 Mar 87 p 21

[Article by De Wet Potgieter]

[Text]

A MYSTERY South African organisation has produced a slick anti-ANC "greetings card" which depicts the horror of "necklace" killings in graphic detail.

It is believed the card will be distributed worldwide in an obvious attempt to discredit the ANC, which celebrates its 75th anniversary this year.

A hitherto unknown organisation calling itself the Alliance for the Promotion of People's Rights is credited on the back of the card.

A Sandton post box number is given.

No printer's name appears, which may be a violation of the law.

The man whose address was given to the post office by whoever leased the Sandton post box, a well-known Pretoria engineer, said he knew nothing about the mysterious organisation.

He intended reporting the matter to the Department of Posts and Telecommunications.

"I have never applied for a post box in Sandton," the man, obviously upset, told the Sunday Times.

Horrific

The card, which carries the words "The African National Congress 1912-1987" on the front, is addressed: "Dear Oliver Tambo".

The "O" of the ANC leader's first name is a miniature car tyre made of real rubber.

The tyre carries the lettering "ANC necklace" and in the centre is a bloodied head.

Inside a horrific full colour sketch of a bleeding and burning necklace victim is accompanied by the words:

"Have you no shame for the slaughter that lies like a curse on your name?"

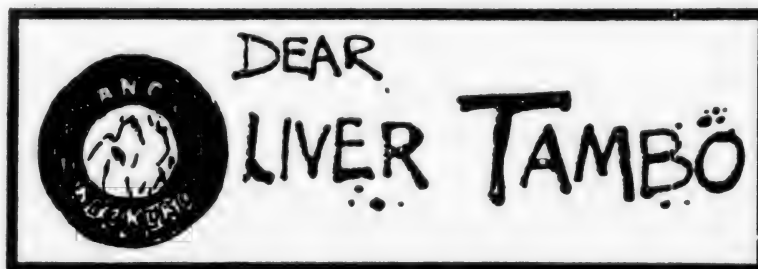
The victim's ankle is tied to a sickle which is being hammered into the ground.

Quotes

Quotes by leading figures within the banned organisation are printed on the opposite page.

Winnie Mandela's controversial "with our boxes of matches and our necklaces we shall liberate this country" is also included.

The card refers to the 800 people who have died by the necklace method during the past two years.



THE CARD'S COVER ... a miniature rubber tyre labelled "ANC necklace" circles a bloodied head

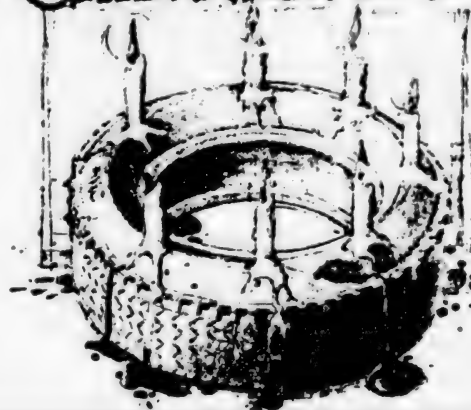
THE ANC... A CELEBRATION OF DEATH!

'We want to make the death of a collaborator so grotesque that people will never think of doing it

- ANC spokesman Tim Ntubane at California State University, October 10, 1985

'The strategy of burning sell-outs seems to have paid out well in the ultimate end.'

- Voice of Freedom broadcast, October 7, 1985.



'With our boxes of matches and our 'necklaces' we shall liberate this country.'

- Winnie Mandela, April 13, 1986.

Execution by fire has

claimed 800

lives in the

past two years.

Innocent victims are burnt to death with gasoline-soaked tyres around their necks.

HAVE YOU NO SHAME...
FOR THE SLAUGHTER...
THAT LIES LIKE A CURSE
ON YOUR NAME?



/9274

CSO: 3400/515

CISKEI ECONOMY REPORTEDLY BOOMING AS CONTROLS ARE SCRAPPED

Sweeping Reforms

Johannesburg BUSINESS DAY in English 27 Mar 87 p 16

[Text]

CISKEI has made sweeping business and tax reforms calculated to rocket it to new heights of free enterprise achievement.

In the past two years the government has turned Ciskei into an industrial and tax haven by:

- ☐ Permanently abolishing company tax for new investors;
- ☐ Ensuring freehold title to industrial land;
- ☐ Reducing personal tax to a flat 15% of income over R8 000 (with husbands and wives taxed separately). All deductions and rebates have been scrapped.

Also abolished are other taxes and duties, including donations tax, estate duty, transfer duty and stamp duty.

The only other remaining taxes are

GST of 12% payable by the end-consumer on all goods except basic foodstuffs, and a 15% withholding tax on money withdrawn from Ciskei — such as profits, dividends, directors' fees, royalties, interest, management and technical fees.

Long-term incentives to industries established in Ciskei include:

- ☐ A 60% rebate on the cost of transporting manufactured goods anywhere in Southern Africa, subject to legal requirements being met;
- ☐ Housing subsidies for key managerial people of 60% on bond rates, reducing these to as little as 6%. (One loan out of every 10 will be issued to a maximum R68 000 and the remainder to a maximum of R55 000 each).
- ☐ Prices preferences of up to 10% on

government tenders.

Industries that came into Ciskei under the concession scheme were given the choice of staying with incentives and continuing to pay 50% company tax, or switching to no company tax. Most are still expanding and have opted to continue receiving concessions.

New investors automatically come in under the reform legislation (no company tax) unless they can persuade the Ciskei Industrial Decentralisation Board they should be allowed in on an incentive/company tax basis.

They must prove that the establishment of their industry will be of such benefit to Ciskei to warrant the granting of incentives.

Rise of New Industries

Johannesburg BUSINESS DAY in English 27 Mar 87 p 16

[Text]

Since the switch from decentralisation incentives Ciskei has gained 22 industries. Three others are being established and another eight applications have been approved, bringing the number of industries established in Ciskei to 150 and investments to R374m.

CISKEI'S economy continues to boom, and the scrapping of company tax for new investors and the abolition of a string of other taxes in the past two years have been "a spectacular success", says Leon Louw, executive director of the Free Market Foundation.

Since the switch from decentralisation incentives Ciskei has gained 22

industries. Three others are being established and another eight applications have been approved.

This will bring the number of industries established in Ciskei to 150, and investments to R374m.

The value of the 33 new and upcoming investments is R107,9m. More than 1 000 extra jobs have been created and another 2 000 are in the pipeline.

Savings to Ciskei in short-term concessions are estimated at more than R16m a year.

Its significant, says Louw, one of the architects of the new tax policy, that in the same time Transkei had a net loss of two industries.

'Uhuru hoppers'

Concessions policies adopted in the Third World attract what he calls "uhuru hoppers" — non-viable ventures that are a drain on taxpayers. "There's a real loss to society because wealth must be taken out of the economy through taxes to fund these incentives."

Ciskei's tax-free system, on the other hand, has attracted viable companies that have contributed to the economy through the creation of jobs and expertise — without government grants.

Though they pay no company tax, they increase State revenue through a 15% withholding tax on profits and other funds sent out of Ciskei.

Ciskei is getting more revenue from fewer and lower taxes, he says, and its economic growth rate of 6% to 8% is one of the highest in the world.

On the other hand, SA's tax rates "are well past the point of diminishing returns, in real terms. They're smothering the economy to the point that growth is effectively zero."

STANDARD INDUSTRIAL CLASSIFICATION OF ESTABLISHED INDUSTRIES IN CISKEI

	ESTABLISHED INDUSTRIES
Textiles.....	23
Clothing.....	25
Iron, steel and other metal products.....	18
Furniture.....	6
Food.....	7
Non-metal products.....	4
Timber.....	5
Motor vehicle parts and transport.....	7
Chemical, rubber and plastics.....	12
Electronic and scientific equipment.....	13
Other manufactured products.....	19
TOTAL.....	139

INVESTMENT IN INDUSTRY IN CISKEI

R'M (CUMULATIVE)

	NO OF INDUSTRIES	PEOPLES BANK INVESTMENT	PRIVATE INVESTMENT	TOTAL INVESTMENT
Independence.....	35	29,0	19,7	48,7
1981/82.....	37	52,9	27,6	80,5
1982/83.....	54	67,3	35,9	103,2
1983/84.....	71	90,2	47,2	137,4
1984/85.....	80	124,0	79,7	203,7
1985/86.....	116	155,1	102,6	257,7
1986/Jan 1987.....	139	168,6	126,0	295,5

CISKEI INDUSTRIES AND EMPLOYMENT BY INDUSTRIAL AREA

	INDUSTRIES	ACTUAL EMPLOYMENT	APPROVED EMPLOYMENT
Dimbaza.....	85	12 192	15 354
Fort Jackson.....	32	3 982	3 585
Mdantsane.....	5	1 350	2 224
Sada.....	5	1 095	605
Ciskei other.....	12	4 087	1 404
	139	22 706	23 172

In Ciskei, money saved on company tax allows industries to expand quickly.

One of the most significant, though less visible, spin-offs of tax reform and de-regulation of the economy has been "an explosion of small businesses".

The only way to discover how thousands of people are benefiting from entrepreneurship unfettered by State intervention, he says, is to drive through villages and towns — "into places like Alice and Zwelitsha, and to see the many businesses that weren't there before."

"It's also interesting to note that in the last three years not a single business licence application has been turned down. Anyone who can start a business, does start a business."

The taxation slogan in Ciskei is "Simple, Flat and Low". "The simple tax return for individuals is one page long, there's a 15% flat rate only for those earning more than R8 000 a year, and tax is zero for companies."

Because the system is simple, people don't waste time on tax avoidance, and on structuring deals to minimise tax.

About 90% of people who were individual taxpayers are no longer taxpayers, which means the few remaining taxes can be collected more

efficiently by fewer people.

Infrastructure at Port Jackson, one of Ciskei's two major industrial areas, is fully committed to existing industry, says Development Bank GM Dave Hart. "An additional 20 hectares are being developed and infrastructure is already out to tender."

Though the tax-free system is off to a good start, Hart believes it will be five to seven years before the real worth of the policy becomes evident. Many of the industries coming in under the scheme are smaller companies. "Once they've proved it works we'll get more middle-size and big organisations."

Hart says an important aspect of industrial strategy is to integrate in Ciskei as many components of specific industries as possible. He uses the textile and clothing industries as an example. "We got in various clothing manufacturers and said to the textile people, 'We've got a market here for you. You can either bring your factory to Ciskei or we'll get somebody else'."

CISKEI INDUSTRIES WITH FOREIGN INVESTMENT

(JANUARY 1987)

COUNTRY OF ORIGIN	NUMBER
Ciskei	6
Germany	2
Holland	1
Hong Kong.....	3
Israel	7
Italy	3
Lesotho.....	1
RSA.....	93
UK	5
Spain	2
Swaziland	1
Taiwan	12
USA	3
TOTAL.....	139

Of Ciskei's 139 industries, 35 export to: USA, EUROPE, CANADA, TAIWAN, ISRAEL, ITALY, ZIMBABWE, MALAWI, AUSTRALASIA, HONG KONG AND MAURITIUS.

Revenue From Forestry Products

Johannesburg BUSINESS DAY in English 27 Mar 87 p 16

[Text]

EARNING R1 million a year, forestry products are one of Ciskei's major direct sources of revenue.

Logs for processing by sawmills account for 80% of sales, says Mike Coleman, director of environmental affairs in the Department of Agriculture and Forestry. The balance comes from poles and smaller categories that are more important in human than economic terms: indigenous timber, poles and lathes for local use, firewood and sale of nursery plants.

The government does not operate sawmills. Logs are contracted to Ciskei Sawmills at Keiskammahoek and the Stutterheim Timber Syndicate. Poles of all types go to Hicksons, whose contract requires that they set up a processing plant in Ciskei within five years of inception. "It's important that we get the spin-offs of employment, GST, withholding tax and personal tax," says Coleman.

With the three major users and four smaller contractors — three for indigenous timber and one small Ciskeian sawmiller — Ciskei's timber production is fully tied up.

Ciskei has 6 500 ha of plantation and 18 000 ha of indigenous forest. Revenue from plantations is increasing at 15% to 20% a year, he estimates. But the only trees taken from

indigenous forests are fallen, dying or diseased trees.

One of the benefits of the creation of states like Ciskei, Coleman believes, is that it clears the way for new solutions and operations. "In the technical field, it gets us out of a bit of a straitjacket.

"In the RSA if you want to do something fresh within the department, it takes about three years to get an answer from Pretoria — and then it's probably 'No'. Here we can do it almost literally at the stroke of a pen."

He gives an example: "We've converted from a 35-year to a 25-year exploitation cycle in our plantations. Bigger, more mature trees are more difficult to get out efficiently. They do a lot of damage. Besides, we calculate that earlier replanting gives a quicker and better return than we get from those older trees between 25 and 35 years."

Another innovation was the establishment of an Indigenous Forest Management Unit a year ago to look into possible exploitation of natural forests. "By about 1910 forests like these were exploited almost to death. Since then there's been a very conservative policy. We maintain that policy, but we think it's possible to start exploiting on a small scale again for the cash income and for rural employment."

New Airport

Johannesburg BUSINESS DAY in English 27 Mar 87 p 17

[Text]

THE new American-built Ciskei Airport at Bulembu, 18km from Bisho, is handling about 100 aircraft movements a month — from small private planes to Hawker Siddeley 125s and DC-3s.

The runway can take a fully loaded Boeing 747-SP.

One SA carrier, Border Air, has been licensed by the National Transport Commission to fly to Ciskei Airport from Port Elizabeth.

Two other applicants, Air Cape and Citi Air, have been turned down by the NTC. Air Cape wanted to fly in from Cape Town, Johannesburg and Durban. Citi Air applied to serve the new airport from Durban and Johannesburg.

Border Air hopes to start a regular feeder service between Port Elizabeth and Bulembu in the next couple of months, pending approval by Ciskei authorities. The service will cater for leisure and business travellers.

The airport had a controversial beginning. When the project was first mooted, the need for a costly new airport only 45 minutes by road from East London was questioned. So was the awarding of the

development and training contracts to an American company, Horizon International.

The Ciskeian government is keeping silent on the cost of its showpiece airport, but two years ago President Lennox Sebe said: "The airport project was undertaken to help Ciskei and its industrialists to gain access to their markets and contacts, to draw new industries, make jobs available and create a greater tourist potential."

Another argument in favour of the airport was that planes unable to land at East London because of bad weather could readily be diverted to Bulembu.

Originally the airport was to have been situated at the old King William's Town airport near Bisho. But since scope for growth was limited there, the government opted for a new site on former grazing land close to Dimbaza. It is at Dimbaza that most Ciskei industrial development is taking place.

A runway 2,5km long and 45m wide, able to take the biggest civil aircraft, was matched by an air terminal and control tower of ultra-modern design, allowing for considerable expansion.

Recruitment and training of airport staff has been entrusted to

Horizon Management Corporation, a subsidiary of the main airport contractors. It has 20 training officers at Bulembu, giving courses in airport management, air traffic control, meteorology, airport maintenance, refuelling, security, public relations and information, telecommunications and crash procedures.

Horizon will also advise on economic planning for the airport, including assessment of market characteristics, and anticipated activity levels. It will also help evaluate the impact of the airport on the region's economy.

Responsible for the training of more than 120 Ciskeian airport staff is Horizon Management's chief training officer, Basil Killian, former airport manager of Ben Schoeman Airport, East London.

Training and supervision will continue until all staff have received certificates and licences complying with International Civil Aviation Organisations standards.

Last year three Ciskeians received SA air traffic control licences after more than seven months of intensive training. Four others are being trained.

The airport has yet to be officially opened.

Work Starts on Aircraft Factory

Johannesburg BUSINESS DAY in English 27 Mar 87 p 17

[Text]

WORK has started on a R6m light aircraft factory near the new Ciskei Airport at Bulembu.

Major shareholder in the venture is a small Austrian aircraft manufacturer, HB Aircraft Industries. A locally registered company, Ciskei Aircraft Industries (CAI), has been established to launch the project.

The factory is expected to turn out 100 to 120 single-engine planes a year. They

will be marketed in Southern Africa and abroad.

The plant will at first assemble HB-23 Scanliners and perhaps later Hobbyliners. The first aircraft are expected to come off the assembly lines this year.

The Scanliner, powered by a 100-horsepower engine from Porsche-Austria, is said to be able to do many of the jobs now done by helicopters — at a 10th of the purchase and operating costs. It is likely to sell for around R160 000.

A Scanliner was recently used as an observation craft for a 240 km surf-ski marathon between Port Elizabeth and East London. The aircraft has also been commissioned for aerial photography in Ciskei.

The planes are expected to attract the attention of civil authorities for survey and patrol work. Similar-

ly, as prices of other new light aircraft rise and they become harder to get, planes from the Ciskei factory are likely to appeal to businessmen, professionals and farmers for short-haul commuting.

The planes could also become popular with gliding clubs, having towing hooks mounted in the tail and being able to climb more than 120m/minute with a glider in tow.

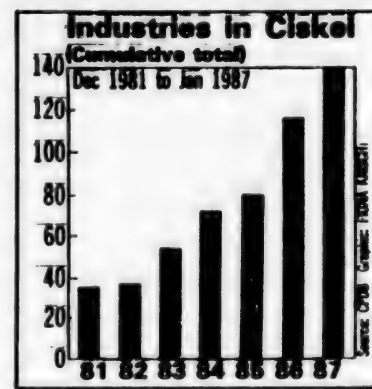
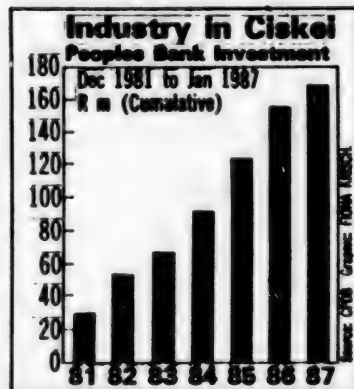
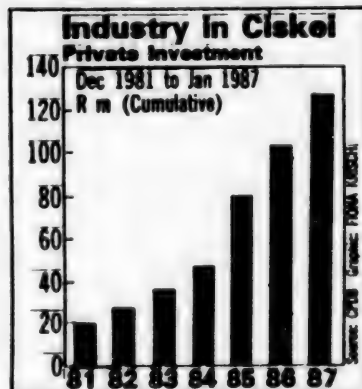
Tax laws and assistance offered by the Ciskei People's Development Bank contributed toward the Austrian parent company's decision to invest in Ciskei.

Internal layout of the 3 000m² factory was finalised two weeks ago. As soon as the plant is ready to roll, it must be inspected by officials of the Directorate of Civil Aviation in Pretoria.

10-Year Development Surge

Johannesburg BUSINESS DAY in English 27 Mar 87 p 17

[Text]



TEN years ago Ciskei had four factories offering 1 100 jobs. Today it has 139 factories employing almost 25 000 people.

Catalyst for much of this progress has been aggressive and often innovative marketing by the Ciskei Peoples Development Bank.

The People's Bank was established in 1976 as the Ciskei National Development Corporation. Its brief: to plan, finance and implement the economic development of Ciskei and to achieve a stable, prosperous and self-sufficient society through the creation of entrepreneurship and job opportunities.

Apart from arranging land, buildings and finance, the bank has helped industries with feasibility studies, relevant approvals, step-by-step establishment and profes-

sional after-care services.

People's Bank board chairman P K Hoogendyk notes that Ciskei's abolition of company tax and substantial reduction of personal tax was greeted with a barrage of criticism.

"One year later, however, Ciskei has derived more revenue from taxation than during any previous financial year," he says. During this period the Ciskei People's Development Bank has received more inquiries concerning the establishment of industries than in any similar period."

In the last few months of the financial year the People's Bank finalised an average of one new industrial venture every week.

The new policy is less expensive than the concession scheme and fa-

cilitates the natural processes of the free enterprise system: "Those who work hard will benefit from the system and make greater profits, while those who do not are not kept in business by means of a subsidised income."

The policy change, he says, has also provided a more balanced economic base. "As a result Ciskei has experienced dramatic growth in the commercial, professional and service sectors over the past 12 months."

The bank will have to devote itself increasingly to establishing Ciskeian entrepreneurs in all types of business, says MD Cecil Vanda. More and more local industrialists will have to be helped to set up factories in the Dimbaza and Port Jackson industrial areas.

30 Farm Projects Under Ulimocor

Johannesburg BUSINESS DAY in English 27 Mar 87 p 19

[Text]

Ulimocor was born of the need to integrate and co-ordinate the efforts of agencies involved agricultural development.

THE Ciskei Agricultural Corporation, Ulimocor, controls 30 commercial agricultural projects and schemes throughout

Ciskei.

This is in addition to Ulimocor's extensive marketing and input supply services to farmers.

The corporation was born of the need to integrate and co-ordinate the efforts of numerous agencies involved in the development or operation of commercial or semi-commercial agricultural schemes.

Among the schemes within its control are a citrus nursery, which is intended to produce 40 000 young trees a year and a red meat industry, with an abattoir at Zwelitsha.

More than 430 ha of new pineapple lands were been established, and 15 000 citrus trees replanted in the first year of the corporation's existence.

Land Reform Bill Underway

Johannesburg BUSINESS DAY in English 27 Mar 87 p 19

[Text]

FAR-REACHING land reform Bills, already approved in principle, are scheduled to become law in Ciskei when the Legislative Assembly meets in May.

The Bills clear the way for the privatisation of land and for the facilitation of the government's free enterprise economic policies. The draft legislation does not impose a policy from the top down, says Free Market Foundation executive director Leon Louw, whose recommendations on land reform were accepted by the Ciskeian government. Instead, it relies on grassroots initiatives and the consensus approach of tribal decision-making.

"This is not an invasion of what the sociologists feel so sensitive about — the so-called 'land ethic' of black tradition," says Louw. "The new legislation merely creates the machinery for people to privatise if they want to — and at their own rate. So far all the evidence is that blacks, including tribal chiefs, want to modernise as quickly as possible and get freehold title without delay.

"They're absolutely thrilled and they think they're finally getting rid of the colonial imposition on them, which was to deny private land tenure. It looks as if all you have to do is create the machinery for people at grassroots level — ordinary individuals who can take up the question with their headmen and chiefs personally.

"So it's not government-imposed land privatisation; it's spontaneous, bottom-up pri-

vatization through the community system."

The three most important Bills are the Tribal Land Reform Bill, the Deeds Registries Amendment Bill (dealing with non-tribal land), and the Local Authorities Bill (dealing with township land).

Most Ciskei land is owned by the State but administered by Tribal Authorities.

Legislation providing maximum devolution of power by transferring ownership to the relevant Tribal Authorities will allow each Tribal Authority to accept reform or to stick to current practices.

The effect of the reforms would be observed by more conservative Tribal Authorities before they embarked on a similar course. Those which elected to implement changes immediately would have a head start in attracting new investment, a premium which they would receive for risk-taking.

The policy permits great flexibility. One Tribal Authority might allow sale of land only to other members of the same administrative area, while a second might permit sales to any Ciskeian, and a third, seeking to attract new investment, might make certain portions of land available to all-comers. "The possibilities for differing systems are legion.

"In an urbanising society it is conceivable that many people in rural areas will elect to sell their land to more efficient farmers and utilise the proceeds to re-locate." In this way the land will gradually come to be held by

those capable of putting it to best use, "without the intervention of government, as has happened elsewhere in the Third World."

A vital factor in the development of a land market in tribal areas, Louw says, is the emergence of a simple, inexpensive system of deeds registration. "The South African model, reliant as it is upon an equally stringent system of land survey, is hopelessly inadequate."

In Ciskei a good deal of land being used for agriculture would lend itself readily to industrial and residential use.

He notes that because prices will initially be low, the chances of luring business ventures are excellent. "A cardinal problem in South Africa has been the limited number of business and industrial sites which again, because of the shortage, contrived to raise the costs of these sites to very high levels."

Perhaps the most important aspect of land reform, Louw says, is that it should not reward "the political facilitators" to the exclusion of everybody else. "The only legitimate reward which should accrue to the politicians is their increased popularity at the ballot box."

"Ultimately, it is the effect that the reforms have on consumers which must be examined, since the consumer, in the free enterprise society, is king."

Because the proposed Ciskei legislation is essentially empowering, not coercive, it is likely to be acceptable to all interest groups, Louw believes. "Importantly, it does not seek to impose a top-down approach, but relies on the consensus approach of tribal decision-making. This in itself means that conflict may be largely obviated."

Almost universally in Africa the inducement of foreign investment by the granting of freehold property rights has been ignored. "In the process, the one asset that most poor countries have at their disposal has been ignored."

He says the idea that disposal of land rights was anathema to blacks was, until the Swart Commission findings, almost universally accepted by whites in Southern Africa. Subsequently it has transpired that many people in other black states support the Ciskei initiative.

Perhaps nothing enhances the quality of life more than the granting of full property rights, he says.

Incentives To Attract Business

Johannesburg BUSINESS DAY in English 27 Mar 87 p 21

[Text]

IN 1976 there were four factories in Ciskei, providing jobs for 1 000 workers. In 1986 there were 116 factories in operation, employing 25 455 Ciskeians.

This burgeoning investment has been accelerated by the sweeping 1985 tax reforms which have firmly established Ciskei as Africa's first tax haven.

Stephen Purchase, Bisho office manager of accounting firm, Deloitte Haskins & Sells, outlines the advantages of investing in Ciskei.

TAX BENEFITS: With effect from March 1, 1985, tax for individuals was reduced to a flat rate of 15% on income in excess of R8 000 per annum, the first R8 000 being tax-free. Married couples are taxed separately. Fringe benefits are taxable in terms of guidelines issued by the Ciskei Inland Revenue and there are no phasing-in provisions. There is no estate duty, no donations tax, no undistributed-profits tax or capital-gains tax in

Ciskei.

Sales tax is payable at a rate of 12% on all goods other than basic foodstuffs.

A withholding tax of 15% is deductible on all remittances of dividends, interest, royalties, management fees, technical fees, salaries, wages, remuneration, commission, allowance and any similar payments made outside Ciskei.

DECENTRALISATION BENEFITS: Ciskei offers generous incentives. These include subsidies of 80% of a marked related rate on the rent of factory buildings and 50% of other assets directly related to production; a non-taxable cash grant of 95% of wage bills to a maximum of R110 a worker a month; cash grants of up to R600 000 for relocation costs from certain areas; a 60% rebate on the cost of transporting manufactured goods anywhere in Southern Africa, based on rail tariffs; a housing subsidy for key managerial personnel of 60% on building society interest rates.

Johannesburg BUSINESS DAY in English 27 Mar 86 p 21

[Text]

CISKEI can be regarded as one of the participating states with an active development programme.

A regional approach is being taken with regard to development.

But imbalances in economic activity are found. The Bisho-Potsdam-Mdantsane area is a relatively densely populated area (60% of the total population resides there), generating a large percentage of Ciskei's economic activity.

The balance of Ciskei is, from a primary sector utilisation viewpoint, over-populated and has little inherent development potential.

Thus urbanisation is an important component of future development

and is, in fact, taking place within the Mdantsane-Dimbaza urban corridor.

The need of development planning is fully realised by Ciskei. In a planning exercise for its five sub-regions, problems and prospects for areas with less potential were addressed.

This is being translated into action programmes focusing on regional development, to form an economic base to the sub-regions.

Ciskei's development programme with Development Bank of Southern Africa's represents 18% of the total development assistance to all participating states. This means an investment of R618/capita from DBSA — higher than for the other participating states — the reason being that

Ciskei is located in one of the least developed regions of Southern Africa.

Last September 74 project applications (both approved and under consideration) amounted to an investment value of R678 142m, of which DBSA will finance about R463 851m.

For this financial year projects with a loan value of R57 682m have been approved. It is expected a further R20 000m will be approved before end-1987/88. Of the 74 projects, 34 were approved with a total investment value of R293 478m, of which R68 489m was disbursed to Ciskei. DBSA is also considering a guarantee programme to the amount of R83 000m.

3,040 Jobs From CSBDC

Johannesburg BUSINESS DAY in English 27 Mar 86 p 21

[Text]

THOUSANDS of people depend for a living on the Ciskei Small Business Development Corporation.

The corporation, which receives its operating funds from government and the Development Bank of Southern Africa, has created 3 040 jobs in less than five years since its inception, says MD Joe Rowles.

It has made more than 1 000 loans and it is at present servicing 1 143 small home and workshop industries.

In 11 months to this end-February the corporation lent R425 710 to mechanics, panelbeaters, hawkers, knit-

ters, sewers, basketmakers ...

It has R2,7m invested in workshops and other buildings, and rents a R1m workshop complex in Mdantsane from the Small Business Development Corporation of SA.

Rowles says loans can go as high as R10 000, but the average is R1 400.

The priority for most would-be entrepreneurs is a workplace that provides shelter and is lockable, he says. The corporation has set up 211 workshops in Ciskei, generally in complexes of related activities.

Those who are successful pay subsidised rentals for four years, then a market-related rate.

The corporation, which has a staff of 50, gives advice on all aspects of running a business. It also has a needlework and sewing training school in Zwelishsha. "The people themselves wanted to be upgraded," says deputy

director, Eunice Tunyiswa.

Women stay at the school for four weeks, learning how to use equipment, how to make quality items and how to run a business.

Tunyiswa says a typical success story is that of Mabel Ngaba, who was given a small loan to start a sewing business after her husband died. "Now she employs six people making things like school uniforms, bed linen and women's fashion garments, and has a turnover of R3 000/month.

Small retailers receive financial help and advice from the small business division of the Ciskei Peoples Development Bank. Assistance to 370 general dealers to end-January totalled R6m, says divisional GM Melville Tabo.

The division has 30 counsellors, each looking after 15 to 20 businesses.

/9274

CSO: 3400/505

PROJECT LAUNCHED TO HELP BLACKS PASS MATRIC, ENTER UNIVERSITY

Durban POST NATAL in English 25-28 Mar 87 p 14

[Article by Khalil Aniff]

[Text]

THE matric results in black schools — especially exemption passes — have been progressively deteriorating over the years amid charges, and rightfully so, that these pupils have been subjected to inferior education.

Now the Institute of Black Research, an organisation involved in black advancement, has embarked on a project to improve their quality of pass at matric level.

They are conducting tutorial programmes at the Ohlange High School in Inanda every Saturday, and they hope to spread their work to other centres in weeks to come.

Primarily their objective is to improve results at matric level so more blacks attain a pass rate which will enable them to enter university to further their studies.

Much concern has been expressed at the poor results of previous years — statistics have shown that only a fraction of the tens of thousands of black pupils had gained university entrance passes.

Educationists have repeatedly said black pupils were taught by "unqualified" teachers and this, coupled with the differentiated system of education, contributed to their poor quality of education.

This view has also

been supported by the secretary of the Joint Matriculation Board in Pretoria, Mr Ulrich Fischer, and Dr Ken Hartshorne, former director of education planning at the Department of Education and Training, and a member of the De Lange Commission.

Mr Fischer said the high failure rate for blacks was caused by pupils writing the examination without receiving tuition.

Dr Hartshorne, on the other hand, felt the quality of black education was slipping.

He said the poor competency of both teachers and pupils in English — now used to teach at secondary schools — had contributed to the deterioration of black education.

Investigations — as at 1985 — had shown that only 3,6 percent of black teachers were graduates, 23,5 percent had a matric, and 52,5 percent did not.

The Department of Education and Training, according to statistics, have recorded a sharp decline of the exemption passes since 1960.

In 1960 the exemption pass rate was 64 percent, reaching a peak of 68 percent in 1975 and then declining in later years.

In 1982 the exemption pass rate reached a low of 10 percent and last year it reached 12 percent.

Mr Monde Dandane, co-ordinator of the Ohlange tutorial programme, said he was grateful to the IBR for what they were doing.

"These programmes are only for matriculants and the response we have been getting has been tremendous.

"We have 250 pupils at the Ohlange session from six neighbouring schools and the word is spreading fast."

The tutorials are being conducted under the auspices of the Natal Education Organisation, a subsidiary of the Institute.

The Institute had been preparing since last June to set up the programme, but it got off the ground only a month ago.

They have a budget of R780 000 and already more than R300 000 has been spent on the pur-

chase of the Hindu Tamil School in the city centre which will be converted into a multi-racial private school, where tutorials will also be given.

The balance of the money, according to Mr Dandane, will be used to promote their tutorial programmes.

"This programme is a massive tutorial project and it arises from the fact that over the years the African matric results have been poor.

"I looked at the matric pass rate over the last 10 to 15 years — in 1973 only 35 percent of Africans got exemption passes but the situation dramatically changed in later years. "Looking at the situation now the pass rate is just over 12 percent," he said.

Whereas matric results of African pupils were on the decline, the situation was completely the reverse with Indian matriculants.

In 1973 the exemption pass rate among Indians was 17 percent and by 1985 this had almost doubled (it was more than 30 percent).

"This anomalous situation is cause for great concern and this is why we want to do everything possible to raise the pass rate of African pupils."

He said they were mindful that education had to be "put right" at the grassroots level (infancy) so a pupil is given the opportunity of having a sound foundation.

Said Mr Dandane: "Amongst African pupils, more than 40 percent drop out in Standard Two and only a small percentage of the 60 percent who survive reach matric level.

"We are now focussing on that small percentage — our rationale is that these pupils must survive this deplorable education system and make it through matric."

The eight-hour tutorial, which is offered free of charge, covers a wide-ranging syllabus — it offers two hours' tuition in English, and an hour-and-a-half on the other subjects, Afrikaans, Accounting, Mathematics,

Physics, and Biology.

Mr Dandane was full of praise for Indian teachers who were sacrificing their Saturdays to teach the children.

"These teachers are given only a travelling allowance, but they are present every Saturday because they are committed to upgrading the standard of education of the less fortunate," he said.

Mr Dandane said the Institute hoped to set up a "partnership" with other organisations which run similar tutorial programmes.

Already they have inquiries from concerned pupils and teachers, from as far afield as Madadeni in Newcastle and also from Umlazi.

"I am told that in Umlazi there are more than 800 pupils waiting for us to start this tutorial pro-

gramme. We will need a few schools in the area if we hope to achieve our aim there.

"We have asked the local teachers to do the groundwork and once this is finalised the Institute will move in," he said, adding that as far as possible the Institute wanted to decentralise the tutorials.

"We don't want the pupils to be involved in travelling."

Citing the situation at Ohlange, Mr Dandane said where schools had inadequate facilities the Institute did not hesitate to provide those facilities at its own cost.

"Take the case of Ohlange. We did not have a biology laboratory but the Institute moved swiftly and set up the lab.

"We have a science lab but didn't know how to use it. The experienced teachers brought in by the Institute now have this lab working," he said.

A joint effort by the Institute and the Teachers' Association of South Africa has also achieved the setting up of a library at Ohlange.

Indian schools, pupils, and parents rallied to supply books to stock up the library.

"The Institute is encouraging Indian teachers and pupils to become

sisters to their African schools and set up tutorials and provide the teachers.

"The response has been good so far and the Institute moves in to organise the programme when everything has been finalised."

Mr Dandane said the tutorial was just one phase of their effort to upgrade the quality of education for blacks.

He said the Hindu Tamil School, purchased by the Institute for more than R300 000, will be revamped into a private multi-racial schools which will cater for pupils in the secondary level — Standards Nine and Ten.

The school, once officially opened, will be named *Phambili* (which means to go forward).

An application for registration has been made with the authorities and once this is finalised the school will open its doors, possibly within the next few months.

This school, Mr Dandane said, will have a tutorial centre for almost 500 pupils.

Phambili will have, among other things, science and biology laboratories and computer rooms.

There are 16 classrooms and the school will have 12 teachers on its staff.

INVESTIGATION LAUNCHED INTO BREAKDOWN OF GROUP AREAS

Nonwhites in White Areas Cause Controversy

Johannesburg SUNDAY TIMES in English 29 Mar 87 p 8

[Article by David Jackson, Charmain Naidoo and Elsabe Wessels]

[Text]

THOUSANDS of South African families are living on a Group Areas time bomb.

These are the so-called "grey" people living in "white" areas. They have become a political football as the general election campaign heats up.

Hardliners demand they be kicked out. Others say mixed suburbs are now a fact of South African life.

And everywhere, the statements of politicians on the election trail mirror the confusion.

The "for sale" and "to let" signs in white cities tell another story. Some 37 000 white homes — and that's a conservative estimate — are now lying empty. But at least half a million black homes must be found immediately if the black housing shortage is to be denied.

And shock figures just released suggest the backlog could be even higher — possibly nudging the million mark. To compound the problem, an estimated 80 000 homes are needed immediately for Asians and 70 000 for coloureds.

Says Mr Norman Nel, immediate past-president of the South African Institute of Estate Agents: "The white residential potential is saturated — the future potential lies with the blacks."

As whites graduate up the

socio-economic ladder, they move out of the umbrella suburbs — Hillbrow, Woodstock, Greyville, Jeppe, among others — he said.

White residential boundaries are staked further afield in burgeoning suburbs and cities — like Sandton, Randburg, Pinetown and Parow.

Love

The new urban non-whites move in to take their places.

Many of them are couples who have found love across the colour line. The law now says they can sleep together — but it's a crime to live together in a "white" area.

Twenty-five percent of residents in Johannesburg suburbs such as Hillbrow and Berea are thought to be black. The figure could be higher.

One expert said this week there could be as many as

40 000 blacks living in the greater Hillbrow area alone.

In the Cape as well, there is confusion and anger among hundreds of families in "grey" suburbs like Woodstock and Lansdowne.

The critical housing shortage for coloured and African people in the Western Cape has forced thousands of families into areas demarcated "white".

"There is hardly a Cape suburb where people are not living illegally," PFP MP Mr Tiaan van der Merwe commented this week.

And in Natal, wealthy black businessmen have bought and are occupying plush mansions in such up-market Durban suburbs as La Lucia — adding to the growing list of blacks who own properties in white group areas.

As the Government tries to placate both its left and right, it faces a dilemma — to turn a blind eye to flagrant breaches of the Group Areas Act or to apply the letter of the law.

Says former estate agent chief Mr Nel: "Any broker who is selling to Indian or coloured people right now, knows he is breaking the law. You have a front man who buys, who is white, and signs the document on behalf of a company."

Accepted

"He might say all the

shareholders in the company are white. Then he simply gives occupation to the Indian or coloured."

Prosecutions are rare. Police are acting only on official complaints. But the "grey" people are being put under increasing pressure.

It is not all gloom and doom. In cosmopolitan areas such as Hillbrow, ingrained racial attitudes are breaking down. Many whites have happily accepted their new black neighbours.

What they do NOT accept is the flotsam and jetsam — the get-rich-quick profiteers and the criminal element — that have arrived in the slipstream of the new arrivals.

Stealth

As whole families move in by stealth, suburbs already crammed to capacity brace themselves for the additional problems of overcrowding. They are magnets for the petty thief, the pimp, the con-man and the extortionist.

A wave of petty crimes as well as more serious offences — rape, housebreaking and car thefts — taxes police resources to the full and invites an ugly white backlash.

Some landlords, unable to resist making a quick buck, pack entire black families into one-bedroom flats. Blacks agree to pay "rip-off" rents.

If evicted, most blacks will have nowhere to go — except back to the townships.

"The Government is caught on an anvil. It is playing up to the rightwing electorate instead of showing integrity by saying group areas will have to go as part of the reform process," says Mr Nel.

Alternative

"I believe market forces should be allowed to find their own level. Then you'll find suburbs that are 100 percent black, as Soweto is today — but they'll be happy because it is their choice."

In law, the "grey" people cannot be evicted unless it is proved they have lived illegally in a white area for 90 consecutive days. Then the State has to show that there is alternative accommodation available.

Says chairman of the Hillbrow Residents' Association Mr Simon Chilchik: "We are not opposed to non-whites living here — but we are strongly opposed to the establishment of grey areas, because that's a perpetuation of apartheid."

"If Hillbrow had to handle another 10 000 whites you would have the same socio-economic problems."

These problems are hardening white attitudes.

In two separate local opinion polls, a few months apart, 70 percent of Hillbrow whites approached said they were against blacks moving into

the area — after a similar majority had voted in favour of "mixed" suburbs.

Feelings ran high at a packed public meeting in the suburb this week. Some angry whites openly called for the formation of vigilante groups and the eviction of non-whites living in Hillbrow.

In the "grey areas" of the Western Cape, the main battle is against the threat of forced removal.

Campaign

Woodstock became the first area to stand up against Group Areas. The result was the "Hands Off Woodstock Campaign", which united residents, businessmen, clergymen, councillors and politicians in opposition to the proposed rezoning of the historic suburb from traditionally white to coloured.

Supporters of the campaign, including PFP MP Mr Tiaan van der Merwe, who initiated the protest, vowed this week to renew their fight against proposed Government action.

Said pensioner Mr Godfrey du Toit, a Woodstock resident for more than 50 years: "They must leave us alone. For 40 years I have lived like this, with people of colour next to me. We are happy the way we are."

"The question is whether the Government will go ahead and declare Woodstock a coloured area despite the total opposition of its residents," Mr du Toit said.

Protests

In Lansdowne, where a similar protest committee has become active, white and coloured families have joined forces.

In Natal, wealthy Indians have also bought homes in the elite white sections of Port Shepstone on the Natal South Coast and Westville, near Durban.

In Port Shepstone, the immediate past mayor of the south coast town, Mr Peter King, recently sold his house to Indian businessman Mr Mohammed Madari for R170 000.

But not all whites in these towns are happy about having Indians as neighbours.

Police recently confirmed that they were investigating alleged contraventions of the Group Areas Act by Indians in these towns after receiving complaints from whites.

In Westville, where South Africa's ambassador to the European Community, Professor Bhadra Ranchod, tried unsuccessfully to buy a house last year, mayor Mr

Roy Stuart recently warned Indians not to buy homes in this elite suburb.

Mr Stuart said that Indians who bought and lived in homes without the necessary permit risked losing their homes.

"I personally don't like the Group Areas Act," he said. "But as a public official I cannot overlook an existing law."

In Port Elizabeth, where blacks are still banned from most beaches, there has been a steady infiltration of buyers into white group areas.

Wealthy hotelier Mr Bill Allie led the way four years ago — but he had to fight in court for the right to buy his smallholding at Greenbushes, about 30km from the city centre and the area of greatest change.

"I had to set up a company with a number of white shareholders. The only way I could get in was to be registered as the farm manager."

In the plush suburb of Walmer, home to many top professional and business people, at least four properties have been bought by Indians or coloureds in the past year.

"These are large and expensive homes — in the range of R140 000 and upwards," the Sunday Times was told.

Anger of Illegals

Johannesburg SUNDAY TIMES in English 29 Mar 87 p 8

[Text]

LIVING with the threat of being thrown out of her home at any time has made "grey" Hillbrow resident "Auntie Pammie" bitter.

"There's no security here — we know we're illegal and can be overcharged or thrown out," says the woman who, like most illegal tenants, is afraid to give her last name.

Making matters worse are the many empty flats she sees around her.

"It's a shame when you walk through Hillbrow and see flats standing empty while blacks desperate for accommodation are not allowed to live in them legally."

And Auntie Pammie, who lives

in a block of flats where she cares for her neighbours' children while they're at work, isn't the only one who is angry.

South Africa's most cosmopolitan neighbourhood, a colour-blind suburb of boxes in the sky, has become a seething pit of anger, fear and extortion where tales of human tragedy abound.

Yet blacks, coloureds and Indians have many reasons for moving into Hillbrow — the most crucial being the acute housing shortage in their own designated areas.

Two years ago, four coloured friends from Eldorado Park — using a white nominee — moved into a bachelor flat on the out-

skirts of Hillbrow after they had tried unsuccessfully for six months to find a flat in the coloured suburb.

Rip-off

Another reason they wanted to move into town was that there is no public transport to Eldorado Park after 7.30pm and it costs R1.50 to make the trip in a black taxi.

Eden Daniels, Hans Cocalan, Derek Fisher and Nigel Mungur describe their rent — R400 for a tiny flat — as "astronomical". But, they say, as illegals they have to accept it.

Real Estate Agents Confused

Johannesburg THE SUNDAY STAR in English 29 Mar 87 p 17

[Text]

ASK any estate agent in the better suburbs of Johannesburg and Sandton and they'll tell you confidentially about the people buying houses.

The agents will not name names but their experience speaks volumes about what is slowly happening to the biggest white urban area in the country. It is being dotted with tiny spots of grey where well-to-do black folk have moved in.

A few years ago most of those people would have been diplomats or foreign trade officials. Today they increasingly local black people climbing corporate ladders and professionals floating up the social hierarchy.

Virtually all the estate agents approached by The Sunday Star said there had been a sharp increase in the number of inquiries from "non-white" buyers and renters last year. Many whites battling to sell their homes during the property slump had also been willing to sell homes to white nominees knowing they were intended for black occupation.

However, recent rumblings on election platforms about getting tough on the Group Areas Act has put a dampener on these inquiries, which have fallen off substantially.

The estate agents all said they were anxious for clarity on the issue of whether or not the Government intended to tighten, remove, reform or continue applying the law as it has recently.

The agents told stories of an Indian family which had lived in Craighall Park since the 1970s and made samoosas for white neighbours who returned the compliment with delicious cream cakes.

There was the Indian millionaire in Parktown North who kept to himself and was very happy.

There was the black family in Houghton which at first attracted a few curious stares and inquiries about whether they were "diplomats". They were not

diplomats and the neighbourhood settled down to the idea that they were in Houghton to stay.

Sandton has a reputation of being more sympathetic to requests for permits from other race groups to live in white areas. Estate agents pointed to private schools in the area which have a number of black children whose parents live in the region.

A phone call to the Sandton Town Council to ask for the precise information about the number of permits granted resulted in a referral to the regional director's office of the Provincial Administration who said he had the figures for Johannesburg, Randburg and Sandton, but had to ask Pretoria for permission to announce them. Pretoria asked for a request in writing before it could even be considered.

Estate agents said there were certain trends among black people buying houses in white areas — some of them reflecting the tenuous hold which upwardly mobile black people have on their place in life.

Many were top professional employees of big companies which provided the financial and legal backing to make the purchase possible.

Most black families preferred not to live too close to each other for fear of arousing antagonism from whites who could feel they were being encroached upon.

It was very difficult if not impossible to get permits for black families wanting to buy homes in semi-agricultural suburbs.

Many of the white neighbours were initially suspicious and hostile but generally tended to accept their black neighbours, particularly if the stands in the suburb were large.

There was very little resistance from white neighbours to "foreign" blacks moving into a white area.

Many black families preferred to lease a property to "see how things go" before committing large sums of money.

Hillbrow Becomes Grey Area

Johannesburg THE SUNDAY STAR in English 29 Mar 87 p 17

[Article by Sheryl Raine]

[Text]

ANDRE Western has never thought of himself as a pioneer, and he didn't look like one when he peered round the door of his high-rise flat in the heart of Hillbrow.

And yet, that's what the researchers are saying: "Willingly or unwillingly, the residents of grey areas can inevitably be regarded as pioneers in terms of future realities ..."

Yes Sir! Hillbrow IS a grey area — just like Salt

River, Lansdowne, Wynberg, Observatory and Woodstock in Cape Town; Clairwood and Greyville in Durban; North End and Korsten in Port Elizabeth; Berea, Joubert Park, Mayfair, Homestead Park, parts of Jeppe, Malvern, Bez Valley, Bertrams and tiny pockets of most of the top suburbs in Johannesburg and Sandton.

Politicians can say what they like but Andre Western and thousands like him regard their slice of the white life as home, sweet home.

"I'm not really scared they'll evict me — but you won't use my name or say where I live, will you?" he asks, with all the raw fear of a "marginal" person living on the wrong side of the Group Areas Act.

We agree on a pseudonym.

He has brushed shoulders with hostile whites.

Their attitudes are summed up in the view of Johan van der Merwe, who says:

"The place has gone to the dogs. The noise is unbearable. Prostitutes are on every corner.

"I get into the foyer of my building and there's a black tart asking if she can come up and see me.

"The place stinks of urine. I'm scared to go out at night because of the crime. My car has been stolen."

After 13 years, Johan is trying to move out of Hillbrow but he has to sell his flat.

Ironically, the buyer is unlikely to be white.

Meanwhile, Andre Western knows that he has one major court ruling protecting him: the "Govender verdict" which found that the Group Areas Act of 1950 dropped a "shall" and gained a "may" in a 1966 rewrite. This made all the difference.

It meant that Gladys Govender and her family of six, who didn't have anywhere else to live but Mayfair, could not be evicted until al-

ternative accommodation was available for her.

The statistics put alternative accommodation in the "never-never" time frame.

In 1985, while there was a surplus of 37 000 housing units for whites there was an official shortage of 44 000 for Indians, 52 000 for coloureds and 538 000 for blacks.

Furthermore, on October 1, 1986, the Johannesburg City Council found there was a total of 750 flats vacant in the CBD alone while the housing-needed list for coloureds was 4 970 and for Indians 8 062.

People like Andre have simply done what comes naturally — moved in to fill a yawning gap in the housing market.

Of course, they've had lots of help from white nominees and big corporate employers who have bought properties in Hillbrow and are letting them to black employees and others.

By the end of last year, even the Attorney-General of the Transvaal admitted that he had not been instituting any prosecutions in terms of the Group Areas Act.

Now there is an election and suddenly it's a burning issue — even though people such as Foreign Minister Pik Botha want us to believe it isn't.

The CP, NP and PFP candidates are pointing fingers at one another, blaming the NP for allowing these grey areas to happen and for promoting them by an inability to provide housing in black areas.

Crime, prostitution as well as human and traffic congestion are the key weapons in the slanging match of Hillbrow.

As we start to talk a trickle of township music drifts down the corridor. Andre smiles.

"In the late 1970s when coloureds and Indians started to move into Hillbrow, we were the only non-whites.

Now the building I live in is 70 percent black and it's township music we're hearing. I wonder if they'll have to change the name to GAIM — grey-area music?

"We all live together. Occasionally there's a scene with whites — usually older, poorer whites who feel threatened by the influx of black people."

His comment echoes research done by a trio of Rand Afrikaans University researchers from the Department of Development Studies.

They found that "trapped whites" in the older, lower income bracket with limited mobility were most hostile to the greying of Hillbrow.

Significantly, they also found that the vast majority of whites and other race groups felt intergroup relations had improved through contact in the grey area rather than deteriorated.

In addition, 50 percent of South African whites and 68 percent of white foreigners said they were for sharing the same flat building with blacks.

But 49 percent of local whites wanted the Group Areas Act as security against swamping.

There are no reliable statistics on the population of Hillbrow because illegal residents don't own up.

City Council guesstimates put the number at 9 000 coloureds, 6 000 Indians and 5 000 blacks — making a total of 20 000 out of a total Hillbrow population of 61 935.

The PFP MP for Hillbrow, Alf Widman, says that officially he has only 18 499 registered voters in the constituency but he reckons at least 4 500 of them have moved out.

Mr Pik Botha said in Westdene this week.

"In Hillbrow there are 45 000 people living in violation of the Group Areas Act but only 1 221 complaints

have been received.

"Of those complaints, files were opened in 133 cases and only five prosecutions or possible prosecutions have followed."

Says Andre: "What I love about living here, after coming from a coloured township on the East Rand, are the plays, the gyms and the movies."

"Sure, there's crime, but what do you expect when the police are all in the townships and this place is burst-

ing with people, sometimes 12 or 15 to a room, because they have nowhere else to go?"

"Now I want a place which is quieter, calmer and I'm thinking of moving into a house in Bertrams or Bez Valley. You know, Bertrams is becoming like District Six."

His eyes are alive because he believes the future is his and for a split second he looks like a pioneer.

Part of Mayfair Becomes Indian

Johannesburg THE SUNDAY STAR in English 29 Mar 87 p 1

[Text]

RASHID Eshak looks across the street from his beautiful but illegal home at the rundown playing fields of a white high school and his eyes are troubled.

He is an Indian living in Mayfair and his confusion is complete.

Barely a block from his home there is talk that a mosque will be built in Fourteenth Street, in the "white area" of Mayfair.

There is also talk that the high school will be turned over to the Indian community because there are so few white children in it.

But he knows he has only tenuous control over his life and it shows in the furrows of his face.

Mayfair, once the suburb of "stripped cars and high-rise hollyhocks", used to be a springboard for immigrants in the 1920s, a kind of first stop for Jewish, Lebanese and Portuguese people on their journey of upward mobility in a new land of opportunity.

Could it also provide a springboard for Indian families on their long journey to acceptance in "white" Johannesburg?

Already the Indian presence has resulted in a spectacular process of upgrading.

Officially there are two sides to the Mayfair story.

"We're east of Princess street," says Mr Azar Pillay.

"We're legal since 1983 when this side was declared an Indian area," he says, looking proudly over a newly renovated but modest home.

"When we first came here nine years ago we bought the house through a nominee for R15 000. It was a slummy area. We were here illegally and for six years we lived among whites."

He remembers a time when the woman who lived at 48A Park Drive had to enter her home through the back door because it was illegal for her to go in the front.

He recalls the Naidoo family who were thrown out of their house and camped in a tent on the pavement.

Then there was the Fordsburg Primary School debacle — Indian children were not allowed to use the front gate because white residents across the road called the police.

He also remembers the landmark court battle against evictions fought and won by Gladys Govender. This opened the floodgates to rich Indian families, and the poor and the homeless were pushed aside in the landrush.

Now he says, opposite the refurbished Mayfair Recreation Centre where the Towel family boxers used to work out, there is a new block of flats owned and occupied by Indians.

A notorious area for shebeens, illegal gambling schools and gang warfare has been turned into a neighbourhood of flowers, gardens and children.

To the west of Princess Street, Mayfair is officially "white".

But Christo de Coning of Rand Afrikaans University (RAU) says initial research shows the whole of Mayfair is rapidly becoming a fairly monolithic Indian residential area.

His educated view puts a question mark over the Johannesburg Housing Department's figures of 5 645 Indians, 6 321 whites and 936 people of other non-white groups.

He says that while the remaining white residents might vote CP they're prepared to cash in on an artificial property boom.

The false demand for Mayfair pondokkies, created by the acute Indian housing shortage due to the Group Areas Act, has allowed whites to collapse their own suburb and get a lot richer in the process.

Those whites who have remained — Hettie Kruger is one — sit on their red cement stoeps and describe those who have gone as "sellouts".

With disgust, she comments that some sellouts operated as nominees for Indian buyers — for rich royalties on the side, naturally.

An estate agent in the area says "99 percent" of all buyers' inquiries in what is left of the "white" side of Mayfair continue to come from Indians.

A lot of whites are selling up and only occasionally do they sell to whites.

One white man who recently bought a period home in the region was not at all perturbed by the Indianisation of the suburb.

"I am an Indian, the last of the white Indians, born and bred in India," said this British subject. "You South Africans are obsessed with colour."

He said he was looking forward to the completion of extensive renovations to his Villa Mayfair.

It's a fallacy that property values in Mayfair have been protected from the recent property slump but values have nevertheless increased spectacularly. Houses are now selling at between R70 000 and R150 000 compared to a maximum of R22 500 in 1982.

Even on the "illegal" side of Mayfair, magnificent homes are going up, build-

ers' rubble lies in the streets as renovators work to build a new community.

"I sometimes get depressed about it," says the Indian owner of a house which is just 2 m from legitimacy.

"We're illegal because we're on the wrong side of Princess Street. People across the road on the east side are fine," she says.

"What we need is the complete scrapping of the Group Areas Act, no more grey or so-called Indian areas. Only then will things begin to come right."

In a passageway of her home are two paintings of Vrededorp to remind her of how Indian families were hounded out of that area.

Ishmail Naidoo stands on the veranda of his double-storey house, looks down at the Spanish tiles and then at the new wooden windows. Although he is on the "wrong side" of Mayfair he says there is only one white-owned house left in his street.

"You know there's always been tension for us," he says sadly.

"At first we were not given business licences, then there was a loophole and we couldn't make a living. Now all this talk of (?Gray) areas, what's going to happen?

"There's a proverb in my language which says the cobra guards the wealth but can't enjoy it.

"The whites are just like the cobra, They are afraid and have to protect what they have— so much so that they can't enjoy it."

/9274

CSO: 3400/516

NUMBER OF INDIANS IN UNIVERSITIES INCREASING

Durban POST NATAL in English 25-28 Mar 87 p 12

[Text]

The number of Indians studying at universities in South Africa is growing rapidly.

Four times more Indian students were registered at South African universities in 1980 than in 1959.

And from 1970 to 1980 the number of students increased from 5,3 to 14,0 per thousand. In 1959 this number was approximately 3,3 per thousand.

This information is contained in an HSRC report, *Degrees and Diplomas Conferred Upon Indians by South African Universities: 1970-1980*, written by Mrs ZHM Retief, a researcher of the Institute for Educational Research.

The research supplements similar projects among whites and coloureds. The HSRC report on the graduation trends among blacks will be published later.

In this investigation it was found that in increasing number of Indians were studying at universities.

As in the past the BA degree was the most popular choice of students. This degree was awarded to a total of 1718 candidates (1185 men and 533 women) in the survey period, and this constitutes 33 percent of the total number of first Bachelor's degrees that were awarded from 1970 to 1980.

Increased considerably

The number of first Bachelor's degrees awarded in the commercial and management sciences during the survey period increased considerably since the previous decade.

From 1959 to 1969 only 72 of these degrees were awarded (five of them to women), as opposed to 1050 (925 to men and 172 to women) from 1970 to 1980. This constitutes 20,2 percent of the total number of first Bachelor's degrees that were awarded during the survey period and represents an average annual growth rate of 16 percent.

From 1970 to 1980, 670 persons — of whom 106 (15,8 percent) were women — qualified as doctors. In contrast, 267 persons (of whom 27 or 10 percent were women) had received this qualification in the previous decade.

The number of dentists who qualified in the survey period was also higher than in the previous decade. Six men qualified as dentists from 1959 to 1969.

In the period 1970 to 1980 45 men and four women obtained the BChO or BDS degrees. It seems that an increasing number of women are entering the two professions and although the numbers in pharmacy are relatively small, more women are taking courses in this field as well.

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SURVIVAL OF ECC IN FACE OF REPRESSION REPORTED

Johannesburg SASH in English Feb 87 pp 34-35

[Article by Laurie Nathan]

[Text]

Twice in the last nine months, the End Conscription Campaign has faced Emergency restrictions that the government intended as the organisation's death warrant. On both occasions the press wrote the ECC's epitaph. No one expected an organisation to survive when its very name might be construed as a 'subversive statement'.

Yet the ECC not only survived, it sometimes even flourished under the greatest repression in its three-year history. During this time, we in the ECC have learnt a fundamental lesson: whether we continue to operate effectively depends as much on us as on the government. It depends on how well we adapt to the new situation and learn the lessons of the past year.

This article is an attempt to share our experiences, in the belief that they may be useful to others facing similar challenges.

For the first six months of 1986 the dramatic growth we had experienced since the army moved into the townships continued. Thousands of people participated in campaigns and new branches were formed in Afrikaans-speaking communities.

The ECC's national impact and the reported low morale in the army

intensified the authorities' reaction. 'Troopies' were given anti-ECC lectures, senior South African Defence Force officers accused it of 'undermining the will of the young people to defend South Africa' and rightwing smear campaigns intensified. Yet as we approached mid-year our biggest complaint was that we were growing faster than we could cope with organisationally!

When the Emergency struck in June, it looked as if all this would be thrown into reverse. The first two weeks were traumatic. About thirty of our members were jailed and our meetings were banned in the eastern and western Cape. It was now an offence to make 'subversive statements' that could 'incite the public to discredit or undermine' conscription.

Our immediate reaction was to stop all public work. Under attack, it was necessary for us to turn inwards. The repression was not simply intended to stop high-profile campaigning; it also aimed to disorganise us by intimidating our members. A key task was to hold the organisation together, nationally and at branch level, and to maintain a high level of morale. We had to create the space for members to talk about their feelings of fear and anger, and support each other.

It was equally important to improve our security arrangements so that we were less vulnerable to detentions and police surveillance. Some of our office-bearers went into hiding; we avoided discussing ECC over the telephone, and destroyed all notes after meetings. The real challenge was to do these things without falling into the trap of becoming an underground organisation. ECC has always been and will remain a legal organisation.

However, we did fall into the trap of giving security priority over democracy. Discussion and decision-making initially tended to be centralised in our executive rather than involving all our sub-committees and affiliates. When we corrected this problem we found that our democratic way of working took longer in the new situation but, if we were careful, was not more risky or less efficient. On the contrary, it improved the quality of our decisions and helped build unity.

The detentions also exposed our dependence on a few people for leadership and direction. The break from campaign work allowed us to put more effort into organisational training, including workshops on public speaking, the production of media, chairing meetings and

developing theoretical and analytical skills.

By September we had gathered our strength sufficiently to consider public action. Our lawyers advised us that, despite the Emergency regulations, there was still much we could do. We could campaign against the general militarisation of our society, the school cadet system, the presence of troops in the townships and the legislation around military service. We could continue to use our name and call for a just peace. (Although the restrictions were tightened in the December revision of the Emergency regulations, our legal position remained essentially the same.)

We knew that even if our campaigns were legal, they still carried the risk of further detentions. But we could not ban ourselves by remaining silent. We had to go out and campaign.

Our first national campaign under the Emergency was defensive, demanding the ECC's right to speak. The centrepiece of the campaign was a newspaper advertisement, signed by 150 leaders of both black and white communities, calling on the government to recognise freedom of conscience.

Subsequent campaigns became

more adventurous. Yellow ribbons decked the streets of Johannesburg, Durban and Cape Town. Thousands of pamphlets told white school pupils that 'apartheid is sending us to war'. At a public meeting, University of Cape Town lecturers declared their refusal to register for 'Dad's army'. ECC called on parents to buy Christmas toys for peace and not war. Children came together for a non-racial picnic at Archbishop Tutu's residence.

Through these campaigns, ECC regained the national presence it had enjoyed before June. Our mistake was to underestimate the seriousness of the Emergency. The national crackdown in December caught us off-guard. Executive members in Johannesburg were detained and others served with restriction orders. In Cape Town, nine activists involved in the 'War is no Solution' campaign were detained and later charged under the Emergency regulations.

So 1986 ended on a sober note. Yet, despite harassment, our organisation remained strong and committed.

Our first objective in 1987 is to continue to raise awareness of the effects of militarisation and to increase pressure on the

government to recognise the internationally accepted right of freedom of conscience regarding military service. Secondly, we will continue putting effort into organisational priorities such as cohesion and morale, democratic processes, tight security and training.

Our third objective is to develop lower-profile means of reaching people — housemeetings, letters to the press, building a mass membership and strengthening ECC as a coalition. Under the Emergency our member organisations, and the Black Sash in particular, provided invaluable support and often took forward ECC work when we were unable to do so. The long-term future of the campaign may depend on the extent to which these organisations are able to take up the issues of militarisation independently of the ECC.

For as long as there is conscription into an army that defends apartheid, there will be a movement against conscription — no matter what the government has in store for us. By compelling white men to contain black dissent through the use of force, the government makes itself vulnerable to dissension in the white community and in its army. Harassing the ECC will not change this. □

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CSO: 3400/520

SANCTIONS FORCES REASSESSMENT OF DEPENDENCE ON MINING INDUSTRY

Johannesburg THE SUNDAY STAR (Finance) in English 29 Mar 87 p 6

[Text]

A MAJOR objective of long-term economic thinking in South Africa has been the development of a more broadly based economy in which dependence on mining diminishes.

In an environment of trade and capital sanctions this is unlikely to be achieved, and thus the role of mining should be reappraised.

Roughly 80 percent of all exports are derived from mining, while gold provides about 75 percent of all mineral exports. The gold-mining industry alone employs around 450 000 black workers out of three-quarters of a million in mining as a whole.

There has been much talk about diversification away from excessive reliance on gold. This is understandable since, among other things, any such development could stabilise and strengthen the balance of payments and the economy at large.

The reality, however, has been very different. Whereas in 1970 gold exports constituted 29,5 percent of total exports, and represented 6,7 percent of

the Gross Domestic Product, the comparable figures for 1985 were 37,5 and 12,9 percent respectively.

South Africa's dependence on gold could become even more marked in future years. The sanctions campaign is just one manifestation of the trade-protection policies which are proliferating around the world.

These protectionist forces have caused many developing countries to lose both agricultural and manufactured exports to countries applying such practices. They have, therefore, been forced to rely upon commodity exports to a greater extent, and some have been aggressive sellers thus contributing to the weakness of certain commodity prices.

South Africa, now faced with its own special external trading difficulties, may well follow to some extent in these footsteps. The low value of the rand, however, together with the potential for beneficiation of some mining products as well as the fungibility of certain key export items, places the Republic in a potentially favourable

position to expand various categories of mining exports.

The parallels with the era of World War 2 are striking. At that time entire export markets for certain agricultural products were closed, and yet total exports continued on an upward path mainly due to the importance of the country as a commodity exporter.

In the present sanctions environment the country needs to run current-account surpluses to finance capital outflows. The scope for viable import substitution is limited, and consequently any sustainable upswing in the economy could prove to be elusive without a commensurate broadening of the export base. Commodity windfalls cannot be counted upon, and therefore expanding the volume of exports is crucial.

Manufactured exports are unlikely to provide the salvation. The scope for boosting such exports, even in the absence of external trading pressures, would be somewhat limited due to various factors such as limited domestic markets which restrict the opportunities for economies of scale.

Other handicaps include the lack of export-orientation of many manufacturers, and the absence of comparative advantage in the growing export field of high-technology products.

● The mining industry is where the comparative advantage of the country clearly lies.

The dominance of South Africa in many areas of mining is well-documented. In the case of platinum, for instance, this country accounts for roughly 90 percent of the world's production.

The mining industry is almost entirely geared to exporting, and is one of the world's leaders in mining technology. It is renowned for its reliability as to supply deadlines and product specifications. This is one reason for its success in competing against other suppliers, and partly explains the reluctance of some countries to impose sanctions.

The indictment that the mining sector represents a wasting asset is somewhat specious. The supply of mineral ores is virtually limitless; the payability is a function of price. Output in mining other than gold continues to rise, while even in gold the tonnage of ore milled has advanced steadily. Exploration activity, technological developments and commodity price trends may ensure

that the mining industry grows larger in coming decades.

● The strength of the mining industry is illustrated by the way in which it has coped with weak commodity prices.

Fixed investment in mining in South Africa has expanded during the past few years, helped by the low external value of the rand, and this stands out in contrast to the weakness evident in mining in many developing countries.

● Increased investment in the mining sector would directly boost exports while furnishing new employment opportunities.

Inputs used in the gold-mining industry are almost completely sourced from domestic suppliers, unlike the manufacturing industry. Mining investment in general aids the process of economic decentralisation, even though the industry receives no decentralisation benefits which accrue to manufacturing concerns which move to decentralised areas. The multiplier effects of such investment on the rest of the economy are similarly considerable.

In view of the increased dependence on mining which is likely to characterise the economy in future years, attention should be given to ways in which investment in this sector of the economy can be encouraged.

ENCOURAGING ASPECTS OF FORCED DOMESTICATION OF NATIONAL ECONOMY

Johannesburg SASH in English Feb 87 pp 10-11

[Article by Margaret Nash]

[Text]

Signs of hope are always welcome, especially in these hard times. If you are worried that sanctions simply make the unemployment situation much worse, take heart: that is not the whole picture.

I am not an economist, but for many years I have been reading the business pages of the daily papers and trying to develop some sense of what goes on in that sector of our drastically unequal and unjust South African society. The following observations emerge from that process. They do not present, or claim to present, any comprehensive or authoritative theories about the overall effects of sanctions on the South African economy. However, they should indicate that the claim that sanctions cause unemployment need not be accepted without question, and they may encourage other non-economists to venture into this sphere of debate and action for justice.

Aspects dealt with briefly are the links between foreign investment and jobs, state promotion of low-cost housing during periods of recession, arguments for high technology, and changes in the hotel industry which seem to benefit the majority population group of South Africa. Other spheres of

activity worth investigating are listed even more briefly, and the article concludes with a few practical suggestions.

Foreign investment and jobs

It is often said that we need foreign investment in order to create jobs. (See, for example, the recent annual report of AngloVaal Industries.) However, there is no fixed, unchangeable link between the amount of capital invested and the number of jobs created, and state policy with regard to promoting labour-intensive rather than capital-intensive economic activities is affected by the availability of investment capital.

In its report on 1977 the South African Board of Trade and Industries made some 'general observations on policy and action in respect of the unusual business and economic conditions of the past two years'. Pointing out that it could not stimulate demand in general because the government wanted to strengthen the balance of payments and contain inflation, it had concentrated on 'available areas of stimulation', i.e. import replacement, expansion of exports, and 'expansion of activities which

have a low direct import content, a relatively high employment potential and which are economically or socially productive, of which the provision of low-cost housing to non-whites is the foremost example' (p. 21).

State promotion of low-cost housing

In other words, the building of 15 000 dwellings in Mitchells Plain for so-called coloured people during the depressed late 1970s was no coincidence. Nor is it a coincidence that the state is currently making some R1 750 million available for low-cost housing. It is also actively encouraging labour-intensive schemes and self-help construction methods (the Cape Divisional Council exhibition in October 1986, also the 'Greyling' houses at Khayelitsha), easing many of the restrictions that have hampered such developments, and facilitating the emergence of new or adapted institutions to promote township development and low-cost housing.

While not everything being done in this respect is above criticism, in general the direction seems positive. And the economic reasons

for these reformist trends in providing low-cost housing are fairly straightforward: the construction industry needs to be kept viable (not least because it is a large employer of labour); low-cost housing uses local rather than imported materials and equipment; new home-owners/occupants invest more readily in consumer durables such as furniture, furnishings and home appliances, thus stimulating the retail sector and the hire purchase/easy credit institutions; bond-holders are 'less likely to indulge in anti-social activity'; and the high visibility of new housing presents a favourable image of the government.

All this contrasts with the boom periods when there is greater interest in building hotels, office blocks and shopping centres (because they are more profitable) and developing amenities (resorts, sports centres, upgrading of race-course and rugby ground spectator accommodation) which are desired by the more affluent sectors of society.

Technology and jobs

Supporters of high technology argue that more efficient production with lower unit costs means being able to compete more successfully, thereby generating more profits and in turn being able to create more jobs.

That is an attractive argument but it seems to depend on ever-increasing economic growth. In most countries only the armaments industry shows a steady upward curve: other industries have huge ups-and-downs (crises of over-production). The global car market is said to be 25% overproduced at present. Without other major changes, producing smarter motor cars more cheaply does not automatically lead to all-round economic growth.

As for increased profits leading to job creation, investigate how some of the major corporations in

South Africa — who dominate three-quarters of the economy — have been using their increased profits. In general, the trend has been towards automation and fewer employees per R100 000 of capital employed and/or turnover. And during the recession the buzz-word has been 'rationalisation', which invariably means cutting back on workers and/or wages.

Changes in the hotel industry

Another sector that is undergoing positive change is the hotel industry. Because of the drastic fall in tourism from abroad, hotels have had to attract more South African guests. In the past year hotel prices have been substantially reduced by means of various special packages and discounts. In April 1986 mandatory racial restrictions were lifted and hotels were permitted to apply their own right of admission standards. By November 1986 FEDHASA reported that 87% of its members had adopted a non-racial admissions policy. It noted that there were still problems: in country areas attitudes are more conservative, and among middle-class blacks there is ignorance or hesitation about the changes. Therefore publicity material was being designed for the black market, and new offices to promote hotel usage by South Africans include one in Soweto.

Perhaps because of the prevailing sanctions climate, many non-South African specialist staff are not renewing their contracts. To meet the shortage of skilled staff, at least one major hotel group has now instituted its own managerial and catering course for trainee black staff, providing them with considerably improved job prospects.

Other examples

The above are only a few examples of the ways in which improved opportunities are being opened up

to blacks because of the enforced domestication of the South African economy and the policy of 'inward industrialisation' being adopted by the state. Those who are interested in learning more about the trends are encouraged to do their own exploring in regard to the issues already mentioned or in a sphere such as one of the following:

Fruit Industry. Western Cape fruit farmers and processors are the biggest employers in the region, with more than 250 000 workers. In objecting to and lobbying against sanctions they claim to be concerned about the well-being of these workers. They need to be asked what they have done, and are doing, to secure publication of the report of the state's own commission of inquiry into wages and conditions of farmworkers (the report was completed in 1982) and to get its recommendations implemented.

One could also look into the effect of the fruit juice industry on the poor. Some years ago it was stated that although the recently expanded fruit juice industry yielded a relatively small percentage of the total profit compared with the amount of the crop used, it helped profits indirectly by taking lower grade fruit off the market and thereby supporting better prices for the higher grade fruit. If the need to sell more fruit locally leads to an increased supply of cheaper fruit, poor people will have cause for gratitude.

Small business development, and the informal sector. These are being encouraged and assisted as a matter of policy. For example, zoning restrictions which prevented residents of Mitchells Plain from engaging in small non-noxious

home industries have been relaxed; and on 14 March 1986 the Committee for Economic Affairs of the President's Council called for submissions on 'The devising of a strategy for the creation of employment and for the development of labour-intensive industrial and commercial enterprises'. Many local authorities, regional bodies and voluntary organisations are actively addressing the long neglected problem of job creation.

Food production and peasant farming. The example of Zimbabwe's peasant farmers' success in food production is encouraging the provision of more agricultural land for 'coloured' farmers and the training of such farmers in the Southern Cape (*Cape Times*, 12 November 1986). In the long run this could lead to greatly increased black subsistence farming on some of the huge unoccupied white agricultural holdings.

Erosion of Group Areas restrictions. In face of the international pressure to dismantle apartheid and the internal realities of recession, organised commerce is actively supporting the process of deproclaiming central business districts in small towns as well as large cities. In the residential sphere, emigration and near-zero population growth in the 'white' sector have led to an embarrassing surplus of flats and houses in white areas. These are increasingly being occupied legally and 'not-so-legally' e.g. with the assistance of white nominees, and the government is under increasing pressure from its supporters as well as from its opponents to phase out or repeal the Group Areas Act. □

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CSO: 3400/519

CASH SURPLUS POSES DILEMMA FOR GOVERNMENT

Johannesburg BUSINESS DAY in English 30 Mar 87 pp 1, 2

[Article by Gerald Prosalendis]

[Text]

GOVERNMENT is sitting on an enormous cash surplus, which is creating problems for both monetary and fiscal policy.

Government balances with the Corporation for Public Deposits (CPD), the Public Investment Commissioners (PIC) and Reserve Bank have been rising for two years. The latest Reserve Bank Bulletin shows central government's deposits with the CPD alone stand at R3,991bn — 322% higher than the R948m at end-March 1985.

In the same period, deposits with the CPD by government, Sata, Post and Telecommunications, public corporations and local authorities rose 123% to R5,131bn from R2,3bn.

Part of the money is a result of the debt standstill. When foreign banks refuse to roll over loans, or SA companies switch to local sources of finance, the money is paid into the PIC. More than R700m is believed to be held in the PIC from this source, though the balance fluctuates from day to day.

Government surplus funds means that it will have little difficulty in financing the deficit before borrowing. Government, like many SA companies, is now financing itself from cash flow, but this has presented problems, especially for the main Budget to be tabled in Parliament after the election.

The monetary authorities are faced with a dilemma. If the money is put into an ordinary government account it will end the fiscal year with a massive surplus, making it difficult to resist demands for increased spending by government departments.

But if it is allowed to flow into the private sector, the money market would move strongly into surplus, rates would

fall sharply and the Reserve Bank would lose control over short-term interest rates. This, in turn, would force the Reserve Bank to issue paper to mop up excess liquidity and prevent Treasury bill rate and other short-term rates from falling, which would be a costly exercise because government would be obtaining funds, on which it has to pay interest, that it does not need.

Monetary authorities fear lower interest rates because they could set off a programme in the private sector leading to more capital-intensive production at the cost of higher unemployment and an inflationary spiral sometime in the future.

So what to do? Rather than giving the money to state departments or the money market, expect the Budget to hide the money from both.

Added to the surplus of government funds are banks flush with cash because of low demand for credit in a stagnant economy (see graph), and insurers flooded with funds because they are unable to invest abroad in terms of foreign exchange controls.

Normally a developing economy would have a shortage of funds and savings with which to finance investment, tempting the central bank to print money, which is bad for inflation.

The situation in the in the short-term credit markets, as with many other areas of the economy, is abnormal and could lead to the unusual situation of government hiding revenue instead of hiding expenditure.

Obviously, the authorities are hoping to keep surplus government cash out of the money market until demand for credit picks up. Ultimately, however, they will be unable to buck the trend indefinitely.

WORTH OF INDUSTRIAL PROPERTY IN WITWATERSRAND AREA SKY ROCKETS

Johannesburg THE SUNDAY STAR (Finance) in English 29 Mar 87 pp 1, 4

[Article by David Cumming]

[Text]

BILLIONS of rands worth of Witwatersrand industrial property is set to rocket in value by 20 percent in the next few months.

This is the confident estimate of property men who believe a combination of the Government's industrial decentralisation policy, its desire to promote small business and the inevitable scrapping of Group Areas Act restrictions on industrial land are the factors which will add millions of potential buyers to a market in which supply is limited.

Allan Goldring, managing director of the Alberton-based Investron group, says these conclusions emerge from a careful analysis of the guide plan for the development of the Central Witwatersrand area.

Mr Goldring says future industrial development in the area will be concentrated on two preferred axes. These take in the Diepmeadow/Ennerdale area and the Alberton/Thokoza area.

The guide plan makes

it clear that very little industrial land is to become available in any other existing areas since the Government wishes to encourage industry to decentralise to the areas in which it is providing infrastructure for the purpose.

At the same time it wishes to encourage the establishment of a black middle class in the form of small entrepreneurs.

"I predict this policy will see the scrapping of the Group Areas Act provisions governing industrial land within months. This will automatically increase the current 5 million potential buyers by 23 million.

"Even if one accepts that a comparatively small proportion of that 23 million will be in a position to buy land, numerically, it still points to a huge increase in potential buyers."

Mr Goldring cites the example of an industrial township recently declared a controlled area, allowing blacks to buy property. A great number of stands was bought

by blacks at a premium substantially above the prices of land in a comparable industrial township open to whites only.

Analysts said such developments would provide the economy with a welcome fillip. They would create a tremendous impetus in the industrial sector, more credit demand, stimulation for the building sector and generate more rates and taxes.

There would also be important social spinoffs with the more rapid creation of a black middle class and the creation of jobs for thousands in the black townships adjacent to the development axes.

Recent market research in the townships near Alberton industrial areas has revealed that if 0.25 percent of the populations of Thokoza, Kaitshong, Vosloorus and Natalspruit wished to establish factories on the industrial land available in the area there simply would not be enough land to meet demand.

PLIGHT OF COUNTRY'S FARMERS COMPARED TO FARMERS WORLDWIDE

Johannesburg FRONTLINE in English Mar 87 pp 20, 22, 23

[Article by James Bourhill]

[Text]

I HAVE a farm in Africa. I have a farm in Africa, at the foot of the Cashane hills. A desolate, dusty bit of bushveld where the sun sucks the life from the soil and beats relentlessly down on the platdak dwellings which are devoid of design and everything else that makes living easy.

River beds are choked with weeds and boreholes gasp their last breath. The days of irrigation are a distant wet dream. The water table has dropped halfway to Australia, I wish I had a farm there instead. I vent my spleen at the weatherman on TV who reports good rain everywhere and promises more to come. God has forgotten us and so has the Government, probably because no number of subsidies will buy favour for the Nats in the bushveld today.

Weathered farmers arrive at the co-op in beat-up bakkies to fetch diesel in 200 litre drums. Few can afford the old-style bulk deliveries any longer. (Grain farmers can get "produksie krediet" for fuel but for the rest it's cash on the nail.) The topic of conversation at the pesticide counter is the wife's latest illness and what the doctor said, the prices at the Koster cattle auction and the 40mm which fell at Brakkepoort. Mostly they talk about the rain.

But ... there are problems in agriculture that no amount of rain is going to cure. Not only here but the world over, farmers face the same problems of formidable interest rates, plunging land values, shrinking profit margins and escalating technology.

In the U.S.A., 20 percent of the farmers will have to leave the land. In South Africa, 15 000 of the 60 000 farmers are on the critical list, and perhaps 50% of maize farmers.

Land prices have dropped by 20 percent here and by up to 50 percent in the U.S. where they are now equal to 1972 values in real terms. Real net incomes have dropped by 90 percent in the last five years. Farm supply businesses are folding as bad debts boom, whole communities are affected. The country cousins are coming to town where they usually end up on the wrong side of the tracks.

In England, farm employees are also leaving the sinking ship, fed up with low wages and long hours. Today 75 percent of English farms employ no person outside the family. Closer to home the story of the disappearing family farm is just as disturbing. The number of farmers has dropped by half since 1950.

Big operators and city slickers looking to increase their tax losses are the ones who are picking up the bargains. Suddenly there are job seekers who are qualified to do no more than drive a bakkie and "supervise" labour. Thank heavens (or whoever) for sheltered employment. Middle class farmers however, do end up as middle class townies.

The Americans have recognised the problem and are looking at establishing industries in rural areas. Creating jobs which utilise the special skills which farmers have. Part-time employment off the farm is a real possibility as the

operator of a 400 acre mixed farm in America need only spend 1 600 hours a year actually farming

Farmers are renowned for pleading poverty and driving Mercs. Well nothing has changed except that it's the same Mercedes that was bought in the good old 70's. I did have a neighbour though who bought a brand new BMW, he also tried to grow mielies in the Marico. Now he drives a truck for the Rustenburg municipality.

.....
With assets worth half a million

.....
rand, the average farmer is unlike

.....
other poor people. He'd be better off

.....
if he sold up and stayed in bed
.....

It has been a case of 70's boom and 80's bust. The boom was brought about by artificially high prices due to input and supply controls. Yes, those infamous control boards. Farmers lived in a world of their own, insulated from economic reality. We were royal game in those days but now we are not protected. As agriculture moves into the free market era and the money taps are turned off there is going to be a major barn cleaning.

Even now, organised agriculture begs on behalf of its followers for one more fix. The figure of R12 billion which is the national farm debt is meaningless to most people. What it does mean is that a large slice is never going to be repaid. Banks and other creditors are going to have to be prepared to take a knock. Farm foreclosure moratoria — laws preventing creditors from foreclosing on farmers — were introduced in the States in the great depression and are once again being seriously considered.

Ten years ago even with a std. 6 it was plain to see that it did not pay to consolidate and save. Investing other people's savings in land and equipment was the best way to beat inflation. It paid to be a borrower. Tax loopholes and subsidised credit made it attractive to buy more land. Land values were going up and up. The farmer was the bank's favourite customer. As long as he held title to some real estate and the bank held the bond there was no limit to his credit. Now land values have come down to earth and paper millionaires have become technically insolvent. Sweaty palms smudge the bank

manager's glass top desk as once-wealthy land barons plead for extensions on their overdrafts.

It is estimated that more than half the overdrafts lent to farmers could not be called in without putting the borrowers out of business. This comes of borrowing short to invest long. Mistake number one.

Meanwhile the interest is killing us. From farming's total net income, 17,6 percent is spent on interest. The Land-bank's rates have become so market related it will soon have to advertise for business. They also send letters which say: 'please furnish the bank with R30 000 by return post.'

For some unknown reason interest rates have fallen. The economy hasn't improved much and neither has the interest rate which farmers are paying. The banks say it is because we are such high risks. Inflation has gone through the stratosphere however, especially when it comes to farming inputs. Most farmers have had to deal with a 30 percent increase in costs this year — imagine how housewives would squeal if the price of milk went up by the same amount. All 6-million consumers would squeal so loud that the authorities would rather squeeze 6 000 milk farmers dry than incur their wrath.

A study published in *Effective Farming* magazine showed that top Eastern Cape dairy farmers had a profit margin of less than a half a cent a litre. The same study found that it cost more than R1-million to establish a 120-cow unit. Hardly a fair return for someone who is up at 5 a.m. 365 days a year.

.....
Sweaty palms smudge the

.....
bank manager's glass-top desk

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as nominal millionaires plead

.....
for overdrafts
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Tomatoes cost in the region of R3 000 per hectare to establish, they have more pests than you can shake a fist at, hail can wipe them out within seconds and a slight frost is fatal. The price of tomatoes on the Johannesburg market has dropped by 45 percent in real terms over the last ten years. No wonder they are called "bankrotbossies". Next time you buy a 39c cabbage at the supermarket, say thankyou to the farmer because the 15c he is getting hardly covers his costs.

In the marketplace all over the world farm produce is over-supplied. No more than five years ago everyone was talking about food shortages and population explosions. Today the cause of the biggest crisis agriculture has seen is surplus. Somebody once said, "he who has no food has but one problem, he who has too much food has many problems." Worldwide, technology is outstripping population growth. Westerners, in fact, have so much that they are always on diet.

Technology means that high yields are produced from small areas of land, that wonder-cows produce 50 litres of milk a day, and also that natural materials like cotton and sisal are being replaced by synthetic ones.

Although African countries are still quite happy to accept handouts from the rest of the world, India, China and Japan, who were once favourite dumping grounds are now net exporters of food looking for markets of their own. The EEC and the USA are both competing for shrinking third world markets, and as with South Africa, have to export at a loss because it is impossible to cut down on production.

The price supports paid to farmers to subsidise exports are unreal. In the EEC the butter surplus alone costs \$1 million (U.S.) a day to store and distribute. On both sides of the Atlantic there are stockpiles of grain that grow bigger each year. The U.S. has enough grain on hand to feed the world for 2 years.

The U.S. is desperately trying to cut down on production and by way of the 1985 Farm Bill set out a mind-boggling list of programs to aid farmers. There is the "acreage reduction plan" where farmers are paid not to plant grain, the "lairy herd buy-out" whereby 15 percent of the nation's milk cows were bought out by the Government and slaughtered, plus schemes whereby loans are only granted to those who do not cultivate marginal soil.

To the layman these things often come across as evidence of some sort of governmental insanity. We get it here, too — "man, what kind of government pays farmers to do nothing?" Or "... pays farmers to export mielies at a loss?" Well, if it wasn't being exported at a loss it would be being ditched at a much bigger loss. It's all part of the impossible trap into which agriculture has fallen.

The average South African farmer, however, just blunders ahead oblivious of global supply and demand. More hectares are being planted. Herds are being

increased to compensate for the lower living standards. Prices set by the control boards are out of line with world prices and farmers saturate the market. Recently the price of yellow maize was lowered to stimulate local demand but free-market minded economists insist that the only solution is to withdraw 1 million hectares from maize production or better still to mothball it.

The music has

stopped, with too

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not enough chairs

Of the 4 million hectares of maize growing land, 2 million Ha can be classified "marginal" and should never have been planted to maize in the first place. According to S.A. Farm Consultants, most of this marginal land is situated to the west of a line drawn north to south through Krugersdorp.

Maize farmers are being encouraged to go in for livestock, especially sheep, but most mielie men don't have the knowledge or the money to make the switch. Besides, the livestock markets are also glutted. Despite all the talk, it is still impossible to get credit from the co-op unless you plant grain and deliver it to their silos.

Some good farmers have been caught with their pants down but most of those in trouble made wrong bets about inflation and easy credit. Some were greedy and expanded too aggressively, some borrowed foolishly, paying no heed to debt:asset ratios and debt servicing capacity (cash flow). Some are so weak on management that they don't realise the trouble they're in due to their inability to read a balance sheet.

Some good farmers, by the standards of yesteryear, who adopted the latest technology have gone under for lack of financial and marketing skills.

The whizz kid from Kuduskop was one of these who with a BSc behind his name decided that a centre pivot irrigation scheme would be just the thing to show that he farmed vooruit. While his neighbour's mielies turned spiky white, his were jolly green giants. Had he studied the law of diminishing returns he would have known that high yields don't necessarily mean big profits. There is now a "for sale" sign on the gate and his neighbour, a shrewd businessman who

invested his profits from the fat years on the JSE, is watching and waiting until the time is right.

Technical information is easily obtained from extension officers, Reps or books, but financial and marketing advice relevant to a specific situation is harder to come by. In the USA farmers take it as routine to involve themselves in the Futures market, but even they are accused of not devoting enough time to the marketing side of the business.

The time has come to cut costs, concentrate on throughput rather than output, more piglets per sow rather than more sows. Already the small family farm is more cost conscious than corporate farms and when compared to the commercial sector it is plain to see where the expression "'n boer maak 'n plan" comes from. Machines are held together with baling wire, chicken manure is fed to cattle and the cow dung goes on the lands. A business lunch would break the piggy bank but the fertiliser company can afford to send its Reps to Sun City for a 3-day conference.

For years, the tractor manufacturers have been "feature focussed," more gadgets, better hydraulics. Now the incentive is there for them to come up with the same tractor at a 20 percent lower cost. The new production methods and materials can make it possible. A joke which most farmers have heard is: What is the difference between a bird and a farmer? The answer being that the bird can still make a deposit on a tractor. Sales figures prove it to be no joke. The suppliers had it coming, though. Any motorist will relate to the robbery that goes on in the spares business and when it comes to tractor parts the mark-up will make your hair stand up.

This is the end of the road for many individuals but for the industry as a whole it is only the midlife crisis. The music has stopped and there are too many people and not enough chairs. There is going to be trauma and suffering to be sure but for the survivors, the climate will be much healthier. The beef, sheep and pig farmers who hung in there streamlining their operations during the last four years are now reaping the rewards. Even mielie farmers (at least, those to the east of the marginal line) are looking forward to trading in the old Mercedes this year. What is good for the individual though does not mean an end to problems on a macro scale.

Most Governments have decided that there is no moral obligation to save

every farmer. Likewise, the ultra-small and part time farmer is coming into his own as the realisation grows that small is beautiful and little guys are also voters. There is no longer such a big deal made of the "uneconomic" unit.

In Europe small is the norm and part-timers are considered vital to the economy. In South Africa they are not recognised as bona fide farmers and do not have the same tax concessions or credit facilities. Sooner or later this will change especially since the smallholder is more financially sound than the bona fide boy. Another trend is that leasing is becoming more popular. It is also the only way for a beginner to get into farming today.

.....
Despite the sweat and tears,
.....
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.....
than watching the fruits of a
.....
year's labour being reaped
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Those who make their living from the land must be in it for the way of life. In 1985 the total disposable incomes of farmers (after interest and capital repayments) was R334,6 million. Divided between 60 000 farmers it works out at five and a half thousand rand to live on, pay their debts and put back into the farm.

Unlike other poor folk, the average farmer in this country has assets worth R500 000 which means that he would be better off if he put his money in the bank and stayed in bed. It is said that cattle farming renders a 7 percent return, 2 percent is in the form of money the rest is pleasure. Which is about the measure of it — except when there is a R3 000 bull on its side, foaming at the mouth and legs thrashing as it wrecks from Heartwater. Not an uncommon occurrence in the Bushveld.

Fortunately, there are suckers in this world who consider refuge from the rat race ample reward for taking enormous risks. Scarce capital will have been well invested if you make enough to plant again next year.

I suppose it's a lot like a gambler who has to put one more coin in the slot machine, except that the experience of rich red soil turning in the wake of a growling tractor is better than pulling a handle. At least some people think so. People for whom a status symbol is a

herd of Simmentaler cross Brahman steers and prestige is a 90 percent calving rate. There are few sights more rewarding than the fruits of a year's labour being harvested. But as the saying goes "daar is nie so 'n ding soos 'n oes nie daar is net geld in the bank."

There might be easier ways of making money and more hospitable places to live, but despite the sweat and tears, I will give up my title deed only when the bank manager pries it loose from my cold dead fingers. ●

[Boxed item No 1]

Clear Roles for Jonas and the Baas

Far from the rioting crowds of Soweto and light years away from the street-wise man about the township, the life of Jonas on the farm goes on much as it did when his grandfather worked for the Oubaas at the time of the Rinderpest.

Jonas starts at sunrise and knocks off 12 hours later with an hour off for lunch. Jonas is "unskilled." He can drive a tractor although he doesn't have a licence. The baas thinks that if you help a houtkop get a licence he will run away, they're ungrateful buggers.

He can plough a pretty straight furrow and fix the baler in his sleep. When the madam says there is no water in the house he is the only one who knows how the system works. He can diagnose Galsiekte and he can milk a cow, although he told the baas that only Zulus can milk cows otherwise he would have to work week-ends as well.

When the mielies turn yellow he knows he has to put on some "grooisout," the stuff they call nitrogen but he can't read the label. When he should have been going to school he was herding cattle and chasing finke out of the wheat in return for a weaner tollie at the end of the year. Now his wage is R100,00 and a bag of mielie meal a month.

His wife, Sina, works whenever and wherever she can, whether it's picking tobacco or skoffeling. When there is work on the home farm she must drop whatever she is doing and report for work. That is the way it's always been. The pay is R3,00 a day, or perhaps R3,00 to skoffel 5 rows. When it's piece-work she starts early so that she has time at the end of the day to fetch firewood.

Out here a kaffir still rides in the back of the bakkie, the oubaas used to say that's why God gave them short hair. Black kids walk to school and the white children whizz past in a half empty bus. The white school is also half empty. The P.T.A. of Rietfontein laerskool are worried because their school will have to close down like Lindleyspoort laer and many others.

Swartruggens has election fever and the people are saying that God gave whites the responsibility to look after the swartes just as if they were children.

That is why God is angry with P.W. and his liberal ideas. The Baas takes care of his children like the bible says. The garden always has vegetables for those who are hungry. He will take you to the coolie doctor in Swartruggens when you have one of those strange illnesses black people get and when you die he will buy you a coffin and allow you to be buried in the rocky ground at the farm. When there is a dispute over the ownership of a chicken or a woman the baas sorts it out. He will even dish out hidings to Jonas' children when they leave the gate open and the cattle get into the cabbages.

Swartruggens is where Jonas does his shopping. The Portuguese charges more but Rustenburg is full of tsotsies and the shops are so big a person feels uncomfortable.

Weekends are for drinking King Korn home brew and on Monday it's better to stay at home. This shouldn't make any difference because everybody knows that Jonas is a lazy bugger who breaks everything he lays his hands on, but for some reason the farm is always slow on Mondays and it comes to a dead half on the Monday after payday.

The rich Majew at Steenbokfontein has given his boys a TV set and there is a school on the farm. He makes his money in town and spends it here. Their soccer team is called "The Hungry Vultures" and on Sundays they take the truck to play at the Koster location. The Bossboy is called a "manager" and he drives a bakkie with a walkie talkie. He has been to many training courses, an artificial insemination course for instance. On Monday mornings he is in a managers' meeting to decide on the program for the week. He doesn't drink too much on Sundays because he has to check the breeding herd for cows on heat. If he should miss a heat it will affect the inter-calving rate and his bonus.

Jonas wouldn't mind being a manager but that weekend work would get to him. It would be nice if his children stayed at school even after Std. 5 so that they could become managers one day.

Maybe things will change now that Kleinbaas goes to university, but it could be difficult. Us boere are wary of a kaffir who thinks he's white. We know that education means trouble in the compounds.

Which is one reason why if Jonas' son ever learns enough to get a job off the farm, it's a quick goodbye from him. And one reason why high schools around Swartruggens are scarcer than rain.

[Boxed item No 2]

Hopes for Africa

When it comes to technology, Africa is on the brink of something amazing. Until now all research has concentrated on temperate crops and expensive equipment. This has been little use to developing countries short on capital but with plenty of labour. There has been a green revolution in Asia, but Africa has lagged behind. Now it's changing, and Africa could hugely increase productivity in the next five to ten years.

New developments in Africa are based on Biotechnology which is less expensive and more easily adopted by third world countries. In the past, research in Africa focused on export crops such as coffee, but peasant farmers are only interested in growing food. It has been said that if the peasant does not accept the technology, don't ask what is wrong with the peasant, ask what is wrong with the technology. Already there has been exciting progress made with tropical food crops suited to our fragile soils. Sweet potatoes producing 30 to 40 tons per hectare have been grown without fertilizer thanks to a microorganism which makes nutrients available in poor soils.

The key factor in farming used to be good land. Now soil is unimportant. Given the right nutrients you can grow anything. Management is now the deciding factor and in Africa a limiting one. Education of farmers is the key.

It is inevitable that there will be less dependence on chemical and more on biological control due to public pressure and concern for the environment. Research is therefore directed towards control of insects and disease through genetics.

This new technology is expected to become available to farmers around the world during the last decade of this century. The possible increase in production is greater than in any past ten years in history.

/9274

CSO: 3400/519

INVISIBLE TRADE DEFICITS UNDERMINING GROWTH

Johannesburg FINANCIAL MAIL in English 27 Mar 87 pp 40, 41

[Text] Though SA managed a record trade surplus of R14,9 billion for 1986, a rising deficit on invisibles continues to undermine the benefits. Invisibles consist of service payments and receipts such as interest, dividends, transport, travel and government.

The balance on invisible items and balance of trade make up the current account of the balance of payments (BoP). It is not unusual in SA for surpluses in the balance of trade to be eliminated by invisible deficits.

"This is not unusual for a developing country which is a net capital importer," explains Rudolf Gouws of Rand Merchant Bank.

Interest on direct and indirect investment is the single largest invisible outflow and has exhibited the highest growth since 1980, from R735m to a massive R4,5 billion in

billion in 1985, reflecting a decline in company results after 1983.

The decline in the rand made repatriation of dividends to foreign parents unattractive. In many cases profits were re-invested locally. However, this item subsequently seems to have increased again (see "Flight of dividends?").

One of the largest invisible items in 1985 was freight and merchandise insurance, up from R873m in 1980 to R2 billion in a period when import volumes declined. But merchandise insurance is usually calculated on value. High inflation, a weakening rand and increased freight and insurance rates all contributed to the increase.

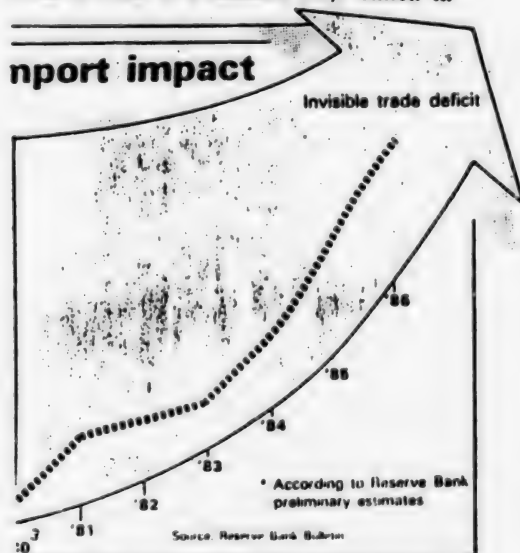
These four categories — interest, dividends, insurance and foreign workers' payments — made up 60% of total invisible imports in 1985. Increases in these areas were also largely responsible for the invisible deficit almost trebling from R2,9 billion in 1980 to R8,4 billion in 1985.

If the invisible deficit continues to grow at this rate it will have serious consequences for the current account, and economic growth. However, Sankorp's Peet Strydom believes the rate of increase has already started to slow down and the deficit will actually fall this year.

"Foreign debt repayments should place less pressure on the interest bill. Local management buyouts of foreign companies will reduce the overseas capital to be serviced."

Gouws agrees that the rate of deficit increase should slow down, but does not see a decrease for some time. But is a reduced deficit necessarily a good thing?

Strydom believes not. "On paper, a reduced deficit will ease the pressure on current account. But a smaller deficit will indicate that repayments of short-term foreign debt are not being compensated for by inflows of long-term capital. This will reduce growth potential and place greater pressure on exports to provide the necessary income." ■



1985. This indicates that until the debt standstill SA was attracting ever-increasing short-term foreign capital.

Another drain is foreign workers repatriating wages. In 1985 they took about R2,6 billion out, the second largest invisible import.

Dividends sent overseas, surprisingly, fell slightly from R1,2 billion in 1980 to R1,1

PHENOMENON OF RISING FOOD PRICES ANALYZED

Johannesburg FINANCIAL MAIL in English 27 Mar 87 pp 28-30

[Text]

"Let them eat cake," Marie Antoinette is supposed to have said. SA's consumers cannot be blamed if they feel that this kind of disregard is applied to them by major players in the food industry.

Despite a fall in the overall inflation rate — and predictions that the trend will continue — local food prices are still spiralling, despite sharp falls in other Western countries.

The latest CPI figures from Central Statistical Services (CSS) show that the year-on-year cost of food rose 21,8% in February, compared with an overall inflation rate of 16,3%. The month-on-month food price increase in February was 1,6%, following increases of 1,4% in January, 1% in December and 1,3% in November (see *Economy*).

With declining real remuneration, rising taxes and a formidable personal debt figure of 31% of disposable income, consumers are begging to know why they have to pay so much for their bread, let alone butter.

It is increasingly difficult to ascertain the real rise in the cost of food. When taken as a component of the CPI, of which it makes up a quarter, the figures show an increase of almost 21% last year, compared with 1985.

According to CSS, its basket of groceries costing R100 in 1980 cost R250 by the end of 1986 — an average increase of 25% a year. Month-on-month increases last year were as much as 2,8% at times.

But the "average household" on which CPI was based in 1980 may now spend more than 25% of disposable income on food. In February, stockbroker Max Pollak & Freemantle (MPF) found in its annual retail report that food increased its share of retail

sales from 34% in 1981 to 42% last year. Spending on food can be expected to increase as a proportion of the total when real incomes per head fall.

CSS has already conducted a household survey to determine new CPI weightings.

It's a fact that South African consumers are peculiarly hard hit. International Monetary Fund (IMF) figures show that world producer food prices have dropped consistently since 1981, falling by an average 12% last year alone. The IMF says this is largely a result of "dramatic declines" in the prices of vegetable oils and cereals.

It adds that large harvests of many crops since 1984-1985 led to the build-up of supplies in many countries, "prompting governments to introduce measures to reduce the budgetary costs of price-support programmes. Consequently, international competition for export markets heated up, leading to lower world prices."

None of which is true in SA. The four-year drought reduced harvests and forced government into further support of producers. Political circumstances have reduced the possibility of competing on export markets — and in many cases, local consumers have had to compensate farmers for losses on exports of over-produced commodities.

Worse: retailers say the prices of up to 2 000 items will increase 10%-20% by the end of this month, and that 10 000 will be hit by June. Consumer Council director Jan Cronje says the average increase will be 19%.

There is growing concern among both wholesalers and retailers at the effect this may have. According to the Stellenbosch Bureau for

Economic Research, "fragile" business confidence fell in January despite increased sales and rebuilding of stocks. Asocom's business confidence index, though marginally healthier, is still only at the level of last November. These indicators reflect doubt about the size and durability of an upturn, a major fear being consumer resistance if prices continue to rise.

Consumer organisations complain of shoppers' apathy, but there is already evidence of increased awareness, if not of organised buying resistance. In 1980, the Consumer Council dealt with some 220 complaints a month; it now receives almost 2 000.

Still, the question arises: why is it still the retailers who play the role of consumer watchdog rather than shoppers themselves?

Partly because they can then get tough with suppliers; but it could also be a marketing strategy, geared to make the consumer feel protected and thus less conscious of loss-leader pricing.

As one senior retailer says: "When we advertise competitive prices, we are not marketing goods. We are marketing ourselves."

Price control is actually in the hands of a very few. On the agricultural supply side, the vast majority of farmers market through control boards, co-ops or feedlots. The prices they receive are, in fact, determined before produce is sold to millers or manufacturers, based on undoubtedly increased input costs.

Why these costs have increased is another matter. Our tax system encourages farmers to spend on capital items (dams and so on)

without satisfying the same economic criteria as investment in manufacturing plant. Excessive use of fertilisers and other incentives may have led to the cultivation of what in an open market would be uneconomic land.

In a strictly accounting sense the farm sector's overall return on

capital may well be too low. But equally, there are — even after all these years of drought — many extremely prosperous farmers.

Given the artificiality of the agricultural pricing system, mechanical calculation of ratios is no more than testing a patient's pulse — it may tell you he's ill, it doesn't tell what's wrong with him. But be that as it may, there is not much room for manufacturers to negotiate prices with producers. The result is, they say, that they must pass on higher input costs to retailers if they are to stay in business.

Retailers, of course, are loath to accept such increases. South African companies in this field operate on the lowest gross margins on shelf (13%-14%) in the West, and put reverse pressure on manufacturers.

Current wisdom is that the squeeze will cause smaller manufacturers to go to the wall or sell out to larger operations, resulting in a concentration of interests in this field — and the possibility of price fixing but also, for a while at least, of increased efficiencies as economies of scale apply.

In fact, concentration of interests has already taken place. Of the Grocery Manufacturers' Association's (GMA) 72 members, 31 are part of 22 multinational groups while most others are in local conglomerates.

One has only to look at categories such as canned petfood, mushrooms, biscuits and pasta — each dominated by a single company to the extent of 90% of sales — to see how deeply concentration goes.

Many manufacturers say they are operating at full ca-

capacity, but have no plans to expand. It seems to be easier to push up prices, adding to inflation. The industry is capital-intensive, relying to a large extent on imported plant, which is both intrinsically expensive and became more so — entrenching existing producers — as the rand weakened. So it is not easy for newcomers to bring in the healthy breath of competition.

That this is not the only route, however, is shown by SA Breweries, which gained a virtual monopoly of a major beverage sector by sheer efficiency, and which routinely and as a matter of policy keeps price hikes below the inflation rate, and has just announced that it is spending R500m on expansion.

The trouble is that any real improvement in the economy could make matters worse. Profitable companies seek new investment outlets: if exchange control dams up funds, sanctions cut export markets and the cost of capital equipment rises, growth must occur through acquisition. This in part, too, reflects a tax system which bears less heavily on retained profits than on what is paid out in dividends.

As Trust Bank's latest economic report says: "We are concerned about the progressive concentration of power in the private sector with large groups increasing their control in certain sectors. This limits competition and lessens cost-consciousness, causing considerable distortions of free market principles and preventing the consumer from participating in the price-making process."

Concentration, of course, does have within it the seeds of its own destruction. For large groups with little competition may become inefficient, opening the door to smaller, more efficient enterprises.

Further up the line, retailers are in fierce competition with one another, which they claim is to the benefit of the consumer. But this is not necessarily true.

Checkers MD Clive Weil has achieved near-notoriety for recent claims that major retailers (including Checkers) are contributing to structural inflation. His fellows in the industry reacted sharply, pointing to instances where they had kept costs down despite increases from suppliers.

They also lay the blame at other doors. A Pick 'n Pay spokesman says: "It is government-backed strategic industries, unproductive, parasitical organisations and huge monopolies which are the basic cause of the problem. These operations have an immense influence on the cost structures of the industry and have the fortune to appear unaccountable to the consumer at large."

Which, says Weil, is beside the point. The fact is that with 80% of the grocery trade in the hands of six companies, no supplier can afford not to do business with all of them.

As GMA director Jeremy Hele puts it: "When one retailer can do 25% of a manufacturer's business, while accounting for less than 1% of that retailer's trade, there must be an imbalance in negotiating power."

This is not necessarily the case abroad. In the UK, for instance, Marks & Spencer contributes a high proportion of many manufacturers' sales. It takes the enlightened view that in the long run it will benefit from its suppliers being financially healthy, and will ditch a supplier whose prices are reasonable only if quality standards fall unacceptably. In any case, the sheer size of foreign retail markets gives suppliers more room to replace lost contracts.

Certainly no South African supplier who wishes his products to continue to be stocked can refuse to pay the confidential rebates demanded by retailers. Such rebates, which usually take the form of an *agterskot* to the retailer, are generally linked to an increase in money value of sales rather than volume.

Once a certain rebate from a supplier has been set, it is usually not lowered, even if a retailer's performance in moving the product drops. Consequently, manufacturers must cost rebates into the original price of goods. Whether this is a net cost to the consumer depends on whether it increases overall retail price levels, which is well-nigh impossible to establish. But it clearly improves the market share of those who gain rebates (the big chains) at the expense of those who don't (corner stores). So, for better or worse, it encourages concentration in the retail sector.

Another result of the system, says Weil, is that "big brands" are growing in importance for the retailer, while "smaller" brands are in decline. "Simply, supermarkets tend to support the uniquely positioned known value items (KVIs) and market them better. We do this because customers prefer to buy brand leaders on special rather than cheaper, less known brands — and that means bigger rebates and bigger profits for us," he says.

Consumers, of course, have the remedy for this in their own hands.

Other demands made by the retail trade on manufacturers include listing fees to put new products on the shelf; opening discount deals lasting a minimum of three months; and charges for freezer space and prime-position gondola ends of anything from R1 500 to R20 000 a week for four weeks during national promotions. Promotional or below-the-line expenditure by manufacturers is expected to reach R300m this year, including discounts, point-of-sale material, competitions and coupons.

Above-the-line advertising fees, too, are heavy. A package deal which includes being part of a "shopping list" advert on TV, with the pack shown but no mention of the product name, could cost a supplier as much as R30 000, paid to the retailer.

Manufacturers have also faced other cost increases recently, not least in packaging, distribution and returns of goods from retailers. In most cases they are also required to pay merchandisers and price markers in retail stores. To some extent, therefore, though South African retail margins are low, this may reflect a shifting of costs to other links in the chain.

Retailers have not gone unscathed, with the largest overhead increases attributable to wage demands. OK Bazaars, for example, was left with an increased wage bill of some R19m after a 10-week strike last year. Extended trading hours also mean increased wages. According to Sanlam's January *Economic Report* labour remuneration now represents close to 60% of the total cost of goods and services.

What the trade terms "shrinkage" also costs plenty. It is estimated that the Big Three retailers alone will lose R100m to theft and fraud this year.

All of which has to be paid for. It would be naive to believe that the support costs of manufacturers are not built into the prices of their products, or that retailers will accept

HOW SPECIAL?

Consumer Involvement

	'83	'84	'85	'86
Look in newspaper for grocery specials	52%	49%	41%	40%
Compare prices at different stores	30%	29%	27%	25%
Go to store other than the favourite for advertised specials	13%	12%	10%	9%
Source: The Food Marketing Institute				

further cuts in margins. Deregulation of the agricultural sector is not the complete answer, but it would help. Nor is a price and incomes freeze, as recently advocated by both the Consumer Council and the Board of Trade and Industry.

What is needed is a thorough re-evaluation of the whole food sector, at primary (farm), secondary (processing) and tertiary (retail) levels.

Finance Minister Barend du Plessis says he's concerned at the prevalent view that profit margins must be fully restored before meaningful price reductions can be offered. Yes indeed; we must never forget that retailers' assumption of the role of the housewife's friend is a clever marketing strategy.

But we must also beware of knee-jerk blaming of excessive food price increases on big business. After all, big business controls much of the rest of the economy, where (market-determined) prices have risen more slowly.

There are two basic interlinked questions:

☐ Why have food prices not fallen, as they have (at any rate, at the primary level) in the rest of the world? and

☐ Even if there are special reasons answering the first question, why have food prices outstripped other sectors — where input prices are more subject to the normal laws of supply and demand?

If — as the *FM* suspects — the answers are not unrelated to the historic political power of the farm sector and its attendant bureaucracy, it will be interesting to see whether this beneficence is repaid on May 6. If large parts of the platteland swing rightwards, political expediency could join economic good sense in justifying a wholesale reconsideration of policy. ■

THE FOOD CHAIN

Every time the producer price of a commodity is raised, it is passed on to the consumer in some way. Some examples:

☐ **Sugar.** The industrial price rose 15% in January, with a follow-on effect on the wholesale and retail sectors. The price of 2,5 kg rose 35c in February. Baking and confectionery items, cool drink, tinned fruit, ice cream, brewing and processed food products have increased 5%-15%, depending on their sugar content;

☐ **Milk.** The producer price went up 4,5c a litre in mid-February. The price to distributors and producers of dairy products went up 4c a litre and that to the consumer 4c-6c. The increase also affect-

ed cream, cheese and milk powder. Cheese prices rose 10% in February, bringing to 31,5% the total increase in a year,

☐ The price of red meat is expected to rise 10%-15% this year in response to decreased supply because of restocking of herds after the drought. As consumers turn to fish and chicken, these prices are also likely to rise; and

☐ The subsidy of 11c a loaf on brown and wholewheat bread will probably run out at mid-year. Coupled with demands for bigger margins from millers and bakers, this must signal a fairly hefty increase in the price of these products.

/9274

CSO: 3400/521

LESOTHO HIGHLANDS WATER PROJECT WORK SCHEDULE LISTED

Johannesburg FINANCIAL MAIL in English 27 Mar 87 pp 75, 76

[Text]

Last week's announcement that the World Bank (WB) has granted a R15m loan for the initial costs of the Lesotho Highlands Water Project has finally kicked off phase one of the R5 billion scheme.

When complete, the project will double the total yield of the Vaal River system, including recycled return flow, to 6 500m cubic metres of water a year. This will meet the needs of the PWV well into the 21st century.

Cost of the first phase — due to be commissioned in 1995 — is projected at R1,5 billion at 1985 prices. The SA end, involving tunnels, canals and access roads, will be worth R250m to local contractors.

Royalties to be paid by SA in terms of last October's treaty will be the equivalent of 21% of Lesotho's current GNP and will therefore benefit the small kingdom's economy substantially. Once the project is operational, Lesotho will receive a capital-related royalty of R23,4m a year. A further 4,1c/m³ will be paid to meet projected demand, as well as 2,05c/m³ for all water delivered in excess of the agreed demand projection. All royalty payments are subject to inflationary adjustment.

Calculated over a repayment period of 15 years, SA water tariffs will have to increase, at current prices, by about 250% immediately after the scheme is commissioned — from a current 11,5 c m³ to 40,1 c m³. Alternatively, tariff increases will have to be phased in gradually.

Apart from the WB loan, the European Economic Community's Economic Development Fund will contribute R35m to the R100m initial package. This will go to the Lesotho Highland Development Authority (LHDA) which is responsible for the Lesotho side of the project. The WB will be lead agency for Lesotho throughout the first phase with back-up from the EEC.

A further R50m — for SA's Trans-Caledon Tunnel Authority — will be raised on the local capital market.

Claus Triebel, Chief Engineer, Planning, of the Department of Water Affairs (DWA), says a very tight schedule is needed if phase one is to be commissioned as planned by January 1, 1995. The work schedule is:

- ☐ Access roads: October 1987;
- ☐ Katse-Sentelina transfer tunnel and delivery tunnel: January 1990;
- ☐ Katse dam: April 1990;
- ☐ Tlhaka Dam: August 1991;
- ☐ Hydropower plant: January 1992;
- ☐ Sentelina dam: October 1993; and
- ☐ Transmission lines: October 1994.

"LHDA is about to appoint consultants for the infrastructure development of phase one, while consultants for the hydro-power station will be appointed in May this year. Consultants for the design of the dams and the tunnels will be appointed later this year," Triebel tells the *FM*.

Apart from the improved water supplies to the PWV, regional centres and business sectors will also receive beneficial spin-offs.

Nerve-centre for the importation of goods could be either Fouriesburg or Ficksburg — the final decision is pending. But Ficksburg looks set to become at least the major residential centre on the SA side. A priority will be the upgrading of heavy load road routes, which extend from Durban via Harismith and Bethlehem to the PWV, Fouriesburg and Caledonspoor. Bitumen surfaces have been recommended for the main routes to improve traction, ensure access and reduce maintenance.

In Lesotho, the main upgrading of access roads will involve 162 km in the Mohale dam area, 173 km in the Mashai dam area, 160 km in the Katse dam area and 59 km in other parts of Lesotho.

The value of these contracts — at 1985 prices — is estimated at R128m, while SA work on site is valued at another R15,8m.

LHDA CE Masupha Sole says the project should also be seen as an opportunity to upgrade the skills of the Basotho — 4 000 jobs will be created for local inhabitants during the first phase alone. One of LHDA's functions will be to provide local inhabitants with professional and technical skills through bursaries and on-the-job training. ■

BRIEFS

OPERATION HUNGER NEEDS—Operation Hunger needs R14 million for the coming financial year, its executive director says. Mrs Ina Perlman said the agency was committed to feeding more than a million people until May and had a waiting list of 30,000. Every area was being reassessed with a view to cutbacks but this had been overtaken by a flood of new appeals from the western Transvaal, northern Zululand and the steadily increasing urban poor throughout the country. "The predicted upturn in the economy has most certainly not filtered down to those at the bottom of the heap," Mrs Perlman said. "We need to double our development budget--appeals for development aid in Sekhukhuneland alone will require R500,000." The picture in homelands varied, although poverty was the norm. "In kaNgwane the farmers we have been working with should have their first good maize crop in five years. "In Gazankulu the scene is one of total disaster--far worse than in 1984 and 1985. In december, after the promising rains, we supplied seed in the Mhala district. Last week I drove from Acornhoek through to Lilydale to witness a total failure of the maize crop." Mrs Perlman said rural unemployment was not diminishing and there were far fewer permanent and seasonal farm jobs than five years ago. "Urban retrenchment has knocked the bottom out of the black rural economy which is totally dependant on income from the outside. The shortage of any land, let alone arable land, makes a mockery of any talk of a rural subsistence economy," she said. [Text] [By Janine Simon] [Johannesburg THE STAR in English 30 Mar 87 p 6] /9274

DIRECT SEA LINK WITH PORTUGAL—South Africa's export drive has been facilitated with the introduction of a direct scheduled sea link with Portugal. The new route is the result of rationalisation by Christensen Canadian African Lines (CCAL), which has operated the SA/Canadian east-coast service since 1948. Mr Hans Oosterhuis, trade manager of CCAL at Nedlloyd Agencies, said the inclusion of Portugal on the line's schedule added two days to the transit time between Cape Town and Montreal. [Text] [Picture caption] [Johannesburg THE SUNDAY STAR (Finance) in English 29 Mar 87 p 4] /9274

JAN-FEB TRADE SURPLUS RISES—Pretoria—SA's trade figures for the first two months of the year showed an export-over-import surplus of R2,5bn. This compared with a surplus of R1,7bn for the same two months in 1986. Exports for the two months this year totalled R6,6bn and imports R4,1bn. Compared with last year, imports were down by R711m, and exports up by R99,2m for the two months. Exports to Africa decreased by R29,7m to R224,6m, to Europe

they decreased by R112,5m to R1,4bn, to America by R116,9m to R512,4m. to Oceania by R500.000 to R33m. Exports to Asia increased by R84.7m to \$1,4bn, and other unclassified goods and BoP adjustments increased by R276,7m to R3.3bn. Imports from Africa increased by R5,5m to R79m, from America by R106m to R580,7m, from Asia by R197m to R859,2m. and from Oceania by R3,3m to R42,9m. However, imports from Europe decreased by R44m to R1,7bn, and other unclassified goods and BoP adjustments decreased by R979m to R789,1m. [Text] [Johannesburg BUSINESS DAY in English 30 Mar 87 p 3] /9274

CSO: 3400/518

STUDY SAYS COUNTRY LACKS EXPERTISE FOR GAS PROJECT

Johannesburg BUSINESS DAY in English 5 Mar 87 p 13

[Article by Chris Cairncross]

[Text]

SA DOES not have enough manpower with the technical expertise to handle the offshore portion of the R5,5bn Mossel Bay gas project, an EMSO study says.

The company was appointed by Eskom as overall project managers of the development.

The expert manpower shortage was cited as the main reason why government had accelerated the project's starting date.

EMSO's MD Steve Hrabar said yesterday "in the drive to maximise local content on this project, studies showed that, in conjunction with the onshore project, the peak in the labour requirements would exceed the resources available within SA's engineering and construction industry".

To rationalise labour requirements, reducing the peak to manageable levels, the Central Energy Fund (CEF) was faced with the option of extending the date of completion or accelerating the start-up.

Hrabar said it was decided to advise the Cabinet to opt for the latter.

Oil industry executives with experience of the offshore oil business expressed some scepticism over this explanation yesterday.

They doubted this expertise could be acquired locally in the time available. They believed the entire exercise would still have to depend heavily on overseas sources of manpower.

And they questioned the extent to which local companies would, in the end, be capable of becoming involved.

A local content target of 70% would be extremely difficult to achieve in value terms, they maintained.

Some R300m from the CEF has so far been allocated for synfuel projects during 1987. Of this amount, about R40m-R50m has been earmarked for Port Elizabeth, and R70m-R80m for Durban for the Mossel Bay "Malgas" project.

First beneficiary of these funds is Durban shipbuilding firm Sandock-Austral, which has just been awarded the contract to provide the detailed design of the accommodation module for the offshore platform.

Hrabar stressed the philosophy was still to maximise local content wherever possible and, where foreign technology was required, it would be mandatory for this technology to be transferred to local companies.

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CSO: 3400/500

SCIENTISTS REACT TO MARION ISLAND AIRSTRIIP PLAN

Johannesburg THE STAR in English 2 Mar 87 p 13

[Text]

CAPE TOWN — The Government's plan to build an airstrip on Marion Island has drawn protests from scientists in major biological disciplines.

Several are convinced of a "hidden agenda" and that the proposed airstrip may be used for weapons testing.

Controversy has been fuelled by the withdrawal of Dr Nigel Bonner, deputy director of the British Antarctic Survey, who was to have "audited" the environmental impact assessment of a South African panel.

The panel, appointed by the Department of Environment Affairs, arrived back from the island a week ago.

The panel will consider representations from about 30 individuals and bodies before reporting to the department.

The department has given as its main motives:

- Provision of rapid attention for disabled personnel or their evacuation.
- Alternative landing for search-and-rescue aircraft.
- Better control of territorial waters and the fishing zone around the island.
- Emergency provisioning of the station.

However, these reasons were rejected as inadequate by the Antarctic officer at Port Elizabeth Museum, Dr Norbert Klages.

In his submission to the panel Dr Klages argued it would be cheaper to provide a doctor and medical facilities on Marion.

BETTER CONTROL

He also noted the infrequent need for search-and-rescue missions.

Radar could provide better control of territorial waters, he said, and there was no reason to pick this particular area to develop fishing resources.

Professor Valdon Smith, a University of the Orange Free State botanist, was worried that foreign bacteria, fungi and insects might be introduced.

Entomologist Mr Jan Crafford of Pretoria University said the possibility of introducing strange organisms to the island would increase a thousand-fold.

Mr John Cooper, Antarctic officer in charge of research management at the Percy FitzPatrick Institute of African Ornithology, said the virtually pristine island was being used in long-term, international base-line studies against which findings in polluted ecosystems were measured.

If construction went ahead, he said, the value of these studies would be totally negated.

Mr Cooper said albatross, breeding pairs of rare kerguelen tern, burrowing petrels nocturnal birds, king penguins and the 400 000-strong Macaroni penguin colony would all be affected by an airstrip.

Scientists believed the panel — faced with overwhelming evidence of environmental damage — would not be able to recommend the go-ahead. — Own Correspondent.

FOREIGN COMPANIES REJECT MOSSEL BAY PROJECTS'S INVESTMENT OFFERS

Johannesburg BUSINESS DAY in English 10 Mar 87 p 3

[Article by David Furlonger]

[Text]

DISINVESTING chemical engineering companies are turning down the chance to profit from the next stage of the Mossel Bay offshore oil development.

Industry sources say at least three foreign companies have turned down offers from the Central Energy Fund (CEF) to apply for future tenders.

If final go-ahead for the project is given, the CEF is expected to provide about R4bn over the next four years for the first stage.

There has been speculation that with 70% local content the remaining 30% does not make it profitable enough for foreign companies.

One company, however, says that having joined the disinvestment bandwagon, foreign firms cannot be seen becoming involved again in SA.

Foster Wheeler, a British affiliate of the American chemical engineering firm, announced last month it had sold its SA operation to a local management consortium.

The company recently completed a

study commissioned by the CEF while Foster Wheeler was still foreign-owned.

Tim Evans, company secretary of Foster Wheeler in the UK, said yesterday: "We recently received a telex asking us if we were interested in future work in connection with the Mossel Bay project.

"As part of the requirement, we were expected to form a joint venture with a South African operating company. Since we've just left the country, it was hardly the time to do so.

"The 70% local content requirement didn't come into it."

Two American companies, Bechtel and Kellogg, are also understood to have turned down work at Mossel Bay. Officials of the two companies could not be reached for comment.

Meanwhile, Engineering Management Offshore Services (EMSO) MD Steve Hrabar insisted yesterday that 70% local content was achievable.

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CSO: 3400/500

CIVIL ENGINEERING INDUSTRY DISCUSSED

Johannesburg FINANCIAL MAIL in English 20 Feb 87 p 90

[Text]

The prolonged recession and fall off in bread-and-butter railways and harbours work has led to the restructuring of South Africa's civil engineering industry.

The emphasis has shifted markedly from heavy civil engineering work towards construction of townships, access roads, and sewage reticulation — generally the lighter side of the civils industry.

But there are no fears that this development will make local heavy civils contracts vulnerable to poaching by international firms. SA Federation of Civil Engineering Contractors' (SAFCEC) executive director Kees Lagaay tells the *FM*: "Fortunately, while there has been a slowdown in many sectors, national roads projects have been pretty buoyant.

"For the last two years this sector has had new contracts totalling about R300 a year. This made a significant contribution to the industry's turnover in these difficult times."

But he says that although Department of Transport Director General and chairman of the National Transport Commission Adriaan Eksteen has warned that there will

be fewer new road contracts awarded in 1987, many of the contracts awarded in the last two years are just coming to fruition. Most of the money allocated will be spent this year and existing contracts will not tail off for another year.

Lagaay says the direction taken by the industry is dictated by the type of work put out by its major clients. "Our main concern is the general fall-off in the flow of work — 70% of which comes from the public sector.

"If a whole programme of dams, railways or power station construction was needed, then I would say the industry has the flexibility to readjust to meet the demands of heavy civils work.

"It is a flexible industry and whatever the market decides, we have to go with it."

He says that while the civil engineering industry is still in the grips of a "prolonged downturn," its order books are considerably healthier than they were eight months ago.

Although tender prices have hardened in some areas, there is still over-capacity in terms of men and machinery; prices are still generally low and highly competitive.

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CSN: 3400/500

CASSPIR DESIGN, PRODUCTION DESCRIBED

Pretoria ARMED FORCES in English Mar 87 pp 19-21

[Text]

In South Africa during the late 1970's there were two diametrically opposed lobbies in the mine protection field. The first believed that in order to build a successful mine protected vehicle, it was necessary to retain a conventional chassis and suspension system. The second lobby led by experts of the Defence Research Unit supported the idea of a chassisless vehicle. By dispensing with the chassis and moving as many of the components as possible into the hull of the vehicle, far less damage would be caused by a mine blast. The suspension would be affixed to the rigid hull.

Having been actively operational in Rhodesia and SWA, the SAP were very conscious of the need to replace the Hippo and together with the DRU they developed a much more powerful version of the vehicle. They concluded that the time had come to specifically redesign and build a vehicle to suit their needs.

TFM (Pty) Ltd was then approached and asked if the company was prepared to participate in the development of the vehicle within the limited SAP budget on a risk sharing basis.

After much close co-operation between the RDU and TFM the final prototype was finally ready in April 1979. After extensive tests, problems were identified but the new Casspir performed with amazing style.

The scepticism that a monocoque chassisless vehicle would not be able to withstand rough terrain was quickly dispelled. The Casspir passed through landmine tests with excellent results. Thereafter the same vehicle was rebuilt

and put through extensive track tests, proving that massive landmine blasts left the vehicle with no operational defects and was economical.

TFM has played a major part in the Casspir's development and has undoubtedly added to the success of this remarkable vehicle.

The initial tests clearly confirmed the satisfaction of the SAP with the vehicle. Shortly afterwards the SAP called for tenders to supply the first Casspirs. The first order was received by TFM in 1981 and within a year the plant was producing vehicles at the rate of one per day.

Now with a production run of over 900 Casspirs of different Marks and various other types of armoured vehicles from light weight experimental types to the SAMIL 100 recovery vehicles, fitted with a winch of 30 ton capacity, TFM are entering their 10 years of involvement in defence production.

TFM defence production is undertaken in three separate facilities that are located in close proximity to each other. The design and development division is both self-contained and self supporting and has no need to draw on the main plant being equipped with a full back-up machinery complement to ensure total independence.

The expansive main plant is at present running three production lines: the Combined Casspir line output is 8 vehicles per week. The retrofit line rebuilds and refits both damaged and the older marks. The third production line at present is engaged in completing a contract for the

South African Transport Services of special hydraulic terminal tractors.

TFM's third facility is the complex that houses the warehouse for all parts and spares and it is here that the pre-delivery inspections are completed and the finished vehicles are handed over to the end-users. Here the test track has been constructed, each vehicle being put through a multiple test schedule before being handed over. The first is completed by the plant inspectors with a second test being completed on each vehicle in the presence of representatives of the end-user.

Each new product is developed under a three-phase system: The actual conception; the production of the prototype and subsequent "Production Master" which will include the planning and layout sequence for full scale production and the manufacturing of the necessary jigs and assembly fixtures. This is a design and development shop task.

An important factor in the production and continual updating of the Casspir has been the close liaison that has developed with the end user and the continual feedback of information from the operational areas. This close liaison has resulted in an up-to-date service system developing, which keeps all the users briefed by the issue of Snag Reports, Technical Bulletins and a comprehensive Spares Catalogue.

The concept for the Casspir was for a vehicle designed primarily for bush work but now with the increased usage of these vehicles in an urban situation, various modifications are being incorporated in both the new vehicles and those returned to the plant for a retro-fit. These modifications are wide ranging and include larger windows for better forward and side visibility and a low profile bonnet arrangement which further enhances forward vision.

TFM uses a modular construction system throughout and in all of the Casspir variants the lower section of the vehicle has been standardised. This lower section design provides the well proven mine resistant capability of this

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CSO: 3400/509

BRIEFS

LARGEST ROLL LATHE FOR ISCOR--The largest roll-turning lathe in the Southern Hemisphere--weighing 135 tons and costing well in excess of R2,5 million--has been commissioned at Iscor, Pretoria, by ADC Engineering of Johannesburg. The computerised numerically controlled (CNC) lathe was custom-designed and manufactured in West Germany by Mashinenfabrik Herkules and is used for cutting and redressing the huge rolls which shape steel-mill products. It can accommodate a 50-ton workpiece up to 5,5 m in length and 1,5 m in diameter. The lathe can also measure the wear on a used roll and then programme itself to carry out the most economic redressing procedure. Rolls can cost as much as R100 000 each. [Text] [Johannesburg THE SUNDAY STAR in English 2 Mar 87 p 6] /9274

TRACTOR INDUSTRY EXPERIENCING DIFFICULTIES--The tractor industry is suffering as farmers repair rather than replace ageing machinery because of the ravages of five years of economic hardship and drought. Fewer than 5,000 new units were sold last year, compared with 24,862 in 1981. But business for tractor replacement parts is booming, with sales hitting retail highs of R160m a month. However, manufacturers, who saw some benefit coming from spares business, are up in arms as this potential source of income is eroded by dealers in pirate parts. [Text] [Johannesburg BUSINESS DAY in English 5 Mar 87 p 2] /9274

WARNING ON COMPUTER FRAUD--Computer fraud is alive and well in SA, but nobody knows the extent of these crimes, said Willem Botha of Coopers & Lybrand. Speaking at a seminar on computer crime in Johannesburg yesterday, he said executives were not generally aware of the extent to which their companies were exposed to losses from computer abuse. He said many insurance policies did not cover losses through computer fraud. As soon as control of assets was given to a computer, the company was putting itself at risk. This was because, in absence of controls, anyone at a terminal could gain access to and alter any information, he said. There was a general misconception that the use of passwords was synonymous with security. Access to information believed to be protected by passwords could be gained through utility systems or if the system was in any way changed. There was also inefficient use of existing security packages, which had to be properly implemented to suite the user's peculiar needs. Computer crime had low risks for the perpetrators because computers allowed "perfect Tipp-ex." It was virtually impossible to trace what changes had been made to a programme or data file, where they had been made or who had made them, he said. Considering the extraordinary and growing computer literacy of many children today, computer crime was expected

to become more common in the future. Video games were training a generation to beat the computer at its own protective games. Computer abuse was potentially devastating, particularly if one considered it was theoretically possible to transfer billions of dollars internationally in a matter of minutes, he said. [Text] [Johannesburg BUSINESS DAY in English 25 Feb 87 pp 1, 2] /9274

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